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Sean & Lisa Kelloway, 10, with recyclables ready for collection. Photo: John Leggett

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ALCAN IS ALUMINUM

Maclean's

CANADA'S WEEKLY NEWSMAGAZINE APRIL 29, 1991 VOL. 164 NO. 17

CONTENTS

4 EDITORIAL

6 LETTERS/PASSAGES

10 OPENING NOTES

Authors differ about a premier's divinity; People accepts a date from Charlie Sheen; Foreign guests catch on; Michael Rubin's style drags legislators; Peter Kernan gets a \$3,000 raise; Revenue Canada alters course; Carolyn Rubin synchronizes with the AG; collectors deride Bruce Mitzman.

13 COLUMN/BARBARA AMIEL

14 CANADA

A cabinet minister's resignation for violating Ontario's privacy law caps a week of embassements for NDP Premier Bob Rae.

22 WORLD

Moscow's young radicals seek to improve their image; Mikhail Gorbachev leaves Japan almost empty-handed; a rape allegation haunts the Kennedy family.

30 BUSINESS

World economic leaders face urgent challenges; Ottawa shuts down Standard Trust.

33 BUSINESS WATCH/PETER C. NEWMAN

36 COVER

50 EDUCATION

President George Bush unveils a plan to improve U.S. education standards.

52 OBITUARY

Director David Lean, a master of the film epic, dies at 82.

56 PEOPLE

59 FILMS

*Demi Moore and Bruce Willis make murder appearances in *Mortal Thoughts*.*

60 THEATRE

Dry Lips, Tennessee Highway's native hit, opens at a major commercial theatre.

62 BOOKS

A Hollywood insider tells all, science fiction goes Victorian.

64 FOTHERINGHAM

COVER

SHOPPING BINGE



Every day, thousands of Canadians make day trips to the United States in search of cheaper goods. Canadian retail sales soared \$150 billion a year, but merchants and politicians are expressing alarm at the dramatic increases in cross-border shopping. They claim that the shopping binge has become a crisis that will cost them more than \$2 billion in lost sales this year. — 36

CANADA

THE ODD COUPLE

Prime Minister Brian Mulroney is asking an old rival, Joe Clark, to help him unite the nation and reverse temporary fortunes. But critics questioned whether a cabinet shuffle, with Clark switching from External Affairs to Federal-Provincial Relations in one of the moves, would achieve either ambition. — 14



WORLD

DEATH AND DEVIATION

U.S. forces lined out across north-east Iraq, looking for sites in which to relocate the 700,000 Kurds struggling to survive near the Turkish border. The Americans are part of a 17,000-member force mounting the largest international relief effort since the 1948 Berlin airlift. — 32

LETTERS

EXCUSES, EXCUSES

I do not appreciate Peter C. Newman using former B.C. premier Bill Vander Zee's resignation as an excuse to run down that politician's "Beyond history." Cover, April 30. The article is full of generalizations, and it surprises me that "most" of British Columbia's successful citizens brand "their brains, warts and all." Doesn't Newman realize that most of our successful citizens are women?

Diana Kinginsky
Edmonton, B.C.

No wonder Canada is divided. Colonies such as Peter C. Newman's "Beyond history" do nothing except support the colonialist sentiment which believe for British Columbia. Since Newman finds us all so ridiculous, I am sure that he will have no difficulty selling his North Vancouver home to one of the 30 per cent of Canadians who long to live in the city.

P. A. Jefferson
Vancouver

Thanks to Peter Newman's casebook, it is no wonder that eastern perceptions of British Columbia are so corrupted. My experience and observations tell me that British Columbia is Canada's best place to live, the 40,000 people who move to the province every year agree. As for Bill Vander Zee, his real sin still along has been that as an exception, his behaviour, successful, charismatic person with boundless optimism, he is an unadaptable stereotype.

J. E. Bink
Vancouver

MISPLACED BLAME

Your article "Losing the grip" (Canada) Special Report, April 30 leaves the impression that it is federal spending on social programs that has "contributed heavily to the federal debt." Information from the National Council of Welfare—a organization referred to in the article—supports the opposite: public spending on social programs has decreased under the Mulroney government, down 9.2 per cent of our gross domestic product in 1986-1988 to a dramatic 5.6 per cent in 1991-1992. High interest rates is the reason we have such a large deficit—that and regressive tax policies.

Doris C. Buckles
Winnipeg

DEADLY APATHY

Like other Canadians, my stomach can no longer stand to watch the suffering in Iraq ("Deadly oases," World, April 15). See, we



Vander Zee's "brains, warts and all."

had to leave Kuwait. But this doesn't mean that we should watch Saddam Hussein torture, kill and starve his own people. By doing so, we Canadians are just as responsible as he is. The world watched states control atrocities; why were letting history repeat itself? For the last time in my life, I am interested to be a Canadian. I don't want to believe that the same countries

that trade against Kuwait will start to protect the children, women and men of Iraq. Bin Laden Mulroney is the voice of this country, and he and every member of Parliament have the power to do something. So for God's sake, don't forget Chernobyl.

Elbet Labe, Ont.

The direct misery of Kurdish refugees fleeing Iraq is a direct consequence of the unwillingness of the Canadian leaders to follow through. Bin Laden made the tremendous decision to wage war against Saddam Hussein in the name of liberation, they had a moral obligation to Kurds as well as Kuwaitis. So much for the just war.

John Flinn
Shawmont, Alta.

A WINNING FORMULA

Is "The smoke tugglers" (Crime, April 15), it became clear to me that the Mulroney government, aided and abetted by anti-smoke crusaders, has finally figured out how to do something exactly right. By systematically taxing cigarettes, they have constructed the perfect recipe for creating control theories and smuggling. Prohibition, anyone?

J. M. Flair,
Victoria

PASSAGES

SENTENCES: To 200 years in jail for attempted manslaughter, Matthias Raut, 33, the German pilot who achieved notoriety on May 30, 1937, when he landed a small plane near Mexico's Red Square. A three-judge panel in Hamburg sentenced Raut after he was convicted of the November, 1936, shooting of an 11-year-old student nurse when she refused his advances. The court heard psychiatric testimony that Raut had been "irretrievably disturbed" because of "unconscious motives" caused by infant lust. The ruling extended after the prosecution retained the charge from attempted murder. Raut has served time before: following his flight flight, he spent 14 months in a Mexican prison.



CONGREGATED: George Gacey, 55, at the Archbishop of Canterbury, the spiritual leader of the world's 70 million Anglicans. Curry replaces Robert Runcie, 59, as the head of the Church of England. He is a supporter of the ordination of women as Anglican priests but has said that homosexual acts are sinful.

APPOINTED: By President George Bush, to the post of army chief of staff, the most important position in the American army. Gen. Gordon Sullivan, 53.

CONVICTED: Of two more violations, former Ontario Liberal party head Oscar Peterson, 44, Star, who was actually charged with 23 violations of provincial election laws covering campaign contributions, has been convicted of eight violations.

in total. On July 4, when she is sentenced, she will face a maximum fine of \$5,000 for each conviction.

DISMISSED: A manslaughter charge against Vander Zee, Ont. hotel manager Mark Markwick, last April after the death of a man in a hammock, by Judge Jean-Pierre Bouchard of Ontario court (previously denied in Ottawa, on the grounds that delays in Ontario's clogged court system deprived Markwick of his right to a speedy trial).

TO BE CHARGED: When he appears in Saskatchewan provincial court, with 14 sexual-related offences, Dave Luciano Larrin, 36, the former Guelph print-out operator is facing the Bouchard charges for troubled teenagers.



SOME BRIGHT SPOTS IN AN OTHERWISE GLOOMY REAL ESTATE MARKET.

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LETTERS

THE WAR AND DR. FOTH

When Allan Fotheringham embarks on a serious subject such as critiquing the role of the United States in the Gulf War ("Forth: Engaging to dark friends," Column, April 23), he is hopelessly beyond his mark. He begins by recounting the brutality of some members of the Los Angeles police force which by some logic best known to himself, Fotheringham associates with guilt over the Vietnam War and delight over a new killer to kick around Saddam Hussein is presented as a courageous victim of the US, need to assist itself. If there had not been some international response to Hussein's takeover of Kuwait, the Iraqi-type results would have been unspeakable.

John Ward
Ottawa

Three cheers for Allan Fotheringham for a column that was clear and to the point. As a US citizen, I do not understand how and why our country—with a crumbling educational system, economy, social structure and so on—cannot see clearly and settle these problems. Instead, we spend billions on the destruction of another country. Racism, ignorance and denial are the words we Americans seem to live by these days. And no one here has the guts to say what Fotheringham has.

Ann Adamson
Jersey City, NJ

The Pink sometimes confuses me. He writes "The Saudis, whoever they are, controlled by Moscow, were hated worldwide and loathed wherever they landed." Am I to assume that if Saddam Hussein had better attitudes or if they were better armed, they would have landed where they did not land?

Dina Shalita
Annapolis, Ont

CENSORSHIP OR REGULATION?

I was disturbed to read about the Ontario IAC's intention to regulate the advertising industry in its quest for greater equality ("The Korman affair," Series, April 23). Advertising is a form of freedom of expression, family education and responsible role models are the education that are needed to develop nonconformist attitudes. If the IAC continues on this course, are we not drawing closer to a more insured society? It happens that the forerunner to George Orwell's novel *Nineteen Eighty-Four* is alive and well in Ontario.

Annie de la Courcière,
Pencroft

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IT LOOKS LIKE PHOTOGRAPHY WILL NEVER BE THE SAME

COLUMN



In defence of Crispo, Fecan and the CBC

BY BARBARA AMIEL

Political bias in the Canadian Broad casting Corp. is rather like police brutality: everyone knows it exists, but all employees and supporters close ranks to deny it. The only difference may be that whereas a lot of policemen think brutality is an aberration, a lot of CBC employees I know think that the left-wing bias of the CBC is merely correct.

My association with the CBC goes back over 25 years when I began working there. A left-wing political bias existed when I was in news and current affairs during the 1960s and continues today. Back then, we selected program topics and participants with an eye to contrasting our perspectives. Fortunately, this meant the most talented and capable people were found to present the alternative view.

We were anti-American, anti-Jewish, business and pro-feminist and accepted uncritically certain assumptions about the existence of racism and sexism in Canadian society. We took a relativistic approach against apartheid and turned a blind eye to the tyrannies in independent Africa.

Back in Canada for a few weeks this past month, the little screen indeed partly caught the taste to me. If there was an American to be found who could speak badly about misadventure of U.S. policy in the Gulf region, he would surface as that last refuge of the (New Left) CBC's *The Journal*. None of this surprises me, when I was recently honored, together with Barbara Fecan and a handful of other Canadians at a University of Western Ontario gala for "the Giants" of Canadian journalism, I was handed a spoof script of a Canadian television show. The script was clever and funny, but I noted with awe that it was a spin doctored Toronto Star columnist Esther Zole as a misanthropic case because of the years of writing about the evils of communism.

I insisted on deleting the lines. In the past few years, some of our "great" Canadian journalists played loose or outrage with communists and the Soviet Union—one of the most

wicked ideologues and tyrannies the world has ever seen. Only Esther Zole and a couple of other columnists were writing accurately about events in Eastern Europe. Now, instead of him being honored as a Great Canadian Journalist, he was, once again, to be made a household joke.

The naming of John Crispo to the head of directors of the CBC seems to me a valuable corrective. Yes, Crispo is an ideological generalist, but he is less ideologue and certain values such as the importance of individual liberty, a principle rather developed in the "winners" brew of Canadian collectivism. He is not afraid to say that the CBC more often than not seems to stand for Consistently Biased Coverage. Surely these things need to be said.

The appointment of Crispo should be seen simply as a small correction in balance, and I say bravo to Brian Mulroney for doing it. But let's be clear: CBC management has long been a cynical, Liberal fiefdom. They don't want it to become a cynical, Conservative one. That fight is on the low ground of party politics rather than on the high ground of political theory. Canada would gain nothing if the CBC became just another Conservative party endnote.

Nor does one want to see quotas enforced on "politically correct" producers and program. Any restriction in the CBC's political point of view can only be achieved by influential people such as Crispo pointing out the bias and changing the climate of opinion. That is how new management changed the British Broadcasting Corp., which suffered from a very similar problem of bias. One should fire people for incompetence, not for "wrong-think." One can also, I believe, hire some new producers with different points of view. Knowing John Crispo as I do, I believe that he will try simply to get the CBC to pull itself together and understand that it should not become a political propaganda machine for any organized group. Myself, I'd be content if once in a while CBC programs would just question received wisdom and stop selecting the most ideologically correct representatives of right-wing views in order to pretend that they are giving balanced programming.

There is a parallel to the problem of bias existing in the CBC. It has nothing to do with politics but is just as deadly to the effectiveness of good public broadcasting. Over the years, the CBC has developed into a sort of bogland that exists simply for the comfort of its own inhabitants. These inhabitants have many names—these are various senior department heads, senior staff bureaucrats, supervisors, deputy supervisors, program officers, administrative officers, systems analysts, human resources persons. Put them all together and they assemble a gloriously well-covered creature sitting in a pond, perpetuating, feeding and drinking on pond and its own procedures.

One of the few people fighting the creature is the controversial Ivan Fecan, the CBC's director of programming. He has no interest in the ideological bias that John Crispo wants to fight, but he does understand the deadly creature of the CBC members. Fecan has managed to cut off some of their limbs and has introduced a little sense of "efficiency" (banned word) into the corporation. His method has been to concentrate power and gather more authority to himself. In so doing, he has alienated some of the little fishlings in the bureaucracy that have recently appeared in the ponds of the CBC. This has created enemies. Fecan has also given the CBC some of its most successful programs, with Denise Zuckerman's *Less and More* set only beginning the first week on a U.S. commercial network, but also the highly-rated program during the weeks it aired in Canada and the United States.

The management methods and creative energy of people like Fecan may well be the salvation of a seriously endangered CBC. Which is the end of what we can say about a public broadcasting system matters. There are our enemies. The CBC is at a crucial point in its existence, faced with a country that may, through the CBC, be contemplating a very major reduction in the network's scope. What a shame it would be if at just when we have people like Crispo and Fecan at the network's register has no clothes, and Ivan Fecan trying to drive the bureaucratic members and contributors on programming—we were to let our CBC slip away.

THE ODD COUPLE

**BRIAN MULRONEY
CALLS ON AN OLD
RIVAL TO HELP HIM
UNITE THE NATION
AND REVIVE HIS
PARTY'S FORTUNES**

For the second time in a long and often strained political relationship, the odd man was a job for Joe Clark. The first occasion was during an August 1984 meeting at a small apartment on Abernethy Street in New Glasgow, N.S. Clark, the former prime minister, told Brian Mulroney, the man who had just replaced him as leader of the Progressive Conservative party, that the only portfolio he would accept in any future Mulroney cabinet was that of External Affairs. Mulroney, who was seeking his first seat in the House of Commons from the safe Tory riding of Citadel Heights, was acutely aware of his predecessor's importance to Conservative fortunes. He agreed not only to Clark's demand for the plum cabinet post, but also accepted Clark's condition that he not be transferred to another assignment against his wishes. Last week, it was Mulroney's turn to exert pressure. During a private luncheon meeting at the Prime Minister's official summer residence at Harrington Lake, Mulroney laid his former rival's old skills to rest in a way that was both direct and subtle. "I'm not interested in the domestic front—the minister of federal-provincial relations. The following evening, Clark accepted Mulroney's offer to accept the job.

That decision gave an embattled Mulroney the counterpart he had sought for the most sensitive portfolio of his cabinet since the Conservative party came to power in 1984. By the end of the week, Mulroney had settled on a replacement of his last-hand, which he was to spend at a swearing-in ceremony on Sunday afternoon just before departing on a scheduled three-day speaking tour of Western Canada to promote unity. Many analysts predicted that the change, possibly as early as next fall (Sf), Tory supporters plausibly held the hope that the new-look cabinet would become the basis for a reversal in their party's—and the country's—slide in fortunes in the months remain-



Mulroney (left), Mulroney, Clark and Cousens at a cabinet meeting; a new-look front bench after weeks of rumour about an impending cabinet shuffle

ing before disgruntled voters choose their own course in a general election that must be called by November, 1990.

Not all insiders were confident that Mulroney's cabinet changes would solve either his party's political malaise or the country's divisions. According to those who know him well, Clark, for one, had deep reservations about undertaking his new assignment. And Harry-ette of Toronto historian Michael Shan questioned whether there was any combination of ministers that Mulroney could have chosen which would satisfy voters. "Noted Elias," he added, "Mulroney was really in a bind."

Sf, rumors of an impending shuffle did not paralyze other government business in Ottawa last week. Speculation did not cease even when Mulroney rushed early in the week to the

bedside of his 78-year-old mother, Irene, who underwent emergency heart surgery in Palm Beach, Fla. Mulroney was later joined by his wife, Ma. The Mulroneys returned to Ottawa on Thursday evening, and the final arrangements were quickly made for a weekend shuffle.

According to one Tory senator, Mulroney had brood his caucus in those three weeks earlier to expect an overhaul of the government. At the time, he had warned that "changes had to be made and they had to be big," the senator recalled. And clearly, Mulroney was propelled by a need to introduce new faces to a perceptibly fading cabinet, whose key members have departed 1984 during his two mandates. Two of Mulroney's most important

cabinet—Clark and Premier Michael "Doc" Wilson—had left their portfolios since 1984, while others, including International Trade Minister John Crosbie and Public Works

Minister Elmer Mackay, were openly baying for retirement.

Advocates had also urged Mulroney to shake up his senior Quebec roster before he embarked on the difficult negotiations to try to keep Quebec within Confederation. Among those expected to benefit from the shuffle were Deputy Prime Minister Mariel Denis, a former Minister of Health, and Mulroney's son-in-law, and St. Lawrence, Que., MP Jean Charest, who resigned from the cabinet in 1980 after attempting to talk to a Montreal judge about an active court case. After acting as chairman of a constitutional task force that

ste studies at the University of Calgary. "The impact of important ministers like Clark and Mulroney on a tangible province could send an important signal to the west."

But it was clearly Clark's assignment to the constitutional-only dossier that would represent the cornerstone of the new cabinet. No task facing the government was more pressing than the threatened departure of Quebec from the Canadian federal family. And a clause of unconditional ratification and informed consent, both within that province and at the test of Canada, was in no less certain of success.

In fact, it was a matter that Clark did not immediately embrace. Before accepting the federal-provincial relations portfolio, the 51-year-old political veteran, raised long and hard—and publicly on at least two occasions—about the likelihood that he would find himself in a collision course, both with his boss and with an impatient public disenchanted with constitutional deliberations. In fact, senior aides said that Clark accepted the job only after extracting assurances from Mulroney of vastly greater authority than his predecessor, Senator Lowell Murray, wielded. And even after his lunch with the Prime Minister, Clark worried aloud that he and Mulroney held incompatible approaches to constitutional reform. Advocates also said that Clark was not pleased at the prospect of losing the life-line assurance that he had come to enjoy during his 30-year tenure at External Affairs. Still one adviser, "Joe believes he will have to work each other's chair," Mulroney than in the past and, "I think that's wrong."

In fact, both men are likely to have reservations about the shift. Mulroney, for his part, is tending to a one-letter for whom personal popularity he exerts his best. In doing so, Mulroney has also placed the constitutional task facing his government—one that he kept under his own tight control until now—into the hands of a subordinate increasingly willing to execute his own opinions, even when they differ from those of his boss. The result could well be a more candid and less personal, personal, vicious and raw. And while public confidence in Clark may benefit the Tory strategy for reconciling Quebec with the rest of the country, neither University of Toronto political scientist John Norton, "There is no way the Prime Minister can delegate national unity."

Mulroney's assignment to the portfolio according to Mulroney's own preoccupations in a fight with voters that have resounded through the Conservative party for 15 years, both as and of power. After Clark, that is, a late-1980s, two-year MP, second post Mulroney and senior cabinet member in 1984. Tory leadership in 1978, Mulroney was openly antagonistic. Retreating to his Montreal law practice and then business, Mulroney became a leading architect of a quiet, seven-year campaign to assist Clark that finally ended with his

National Notes

HEALTH WARNING

Health and Welfare Canada asked doctors to stop using the newly cosmetic Mase brand of hair cream. The health department said that the device can break down and create a potentially cancer-causing chemical. The warning was issued after Mase-Meyers-Spaul Co., the U.S. manufacturer, suspended sales of the product until there is a full safety review. The health department advised the more than 13,000 Canadian women who have received the implants to consult their doctors.

QUESTIONS OF CONDUCT

After Senate Supreme Court Justice Alexander Macbratney opened an inquiry into whether former premier John Diefenbaker, now a senator, breached conflict-of-interest laws by failing to declare the receipt of hundreds of thousands of dollars from the provincial Conservative party between 1978 and last September.

A TOUGH NEW BUDGET

After a Conservative government tabled a budget that allocated \$560 million to service positions, cut \$12 million in grants to municipalities and cut \$100 million in grants to provinces and territories on cigarettes and gasoline. Despite that, the government forecasts a deficit of \$324 million on spending of \$4.8 billion.

INOPERATIVE RIGHTS

Quebec Supreme Court Justice Boggs Gendreau declared the Criminal Code of Canada guarantee of trial in either official language "inoperative" in Quebec. He ruled that in the trial of three Mohawk Indians who face 18 charges arising from last year's armed standoff near Oka, Quebec, the court could speak in French even though the defendants requested a trial in English.

AN EXPLOSIVE SITUATION

A bomb blew up a logging barge, leading to the death of a worker and the destruction of a barge. The explosion had been the result of a lightning strike and strikes between lightning and members of the Mount Carmel Indian band.

FINAL SETTLEMENT

The Federal and Ontario courts jointly rejected the last bids among out of the suspended 1985 terrorist bombing of a Toronto to Bombay Air India flight that exploded over Ireland. The courts agreed on a \$10-million payment from India and Canadian Airlines to the families of 42 victims. In all, almost \$24 million has been awarded in the settlement of claims by relatives of the 329 people, most of them Canadians of Indian origin, who died in the disaster.

own leadership victory in 1983. Often disdained by his rivals, Mulroney retained Clark's notion of downplaying federal powers, and soon secured him of "playing loose" with Quebec separatists—still adopting both approaches behind. During Clark's first years at External Affairs, Mulroney at times appeared to deliberately undermine him. After Clark criticized a U.S. embargo on trade with South-east Asia in May 1984, Mulroney—with Clark at his side—told reporters he was "not at all displeased" by the action.

Assessments of the two men say that long-standing business ties involved into an amiable working relationship—at least in public. The two still have differences of view. Clark primarily expresses his wariness of Mulroney's apparent laxation for over-caution to the United States. Mulroney was more lenient than Clark during the Gulf War and has exhibited a pro-leak tilt, which is the opposite of Clark's evident sympathy for the Palestinians living under that country's rule.

But aides note that the two share some similar negotiating styles. "Foreign policy to Clark was not as much the great frontier as it was a network of continuing commitments," said Jack White, Clark's former long-time chief of staff. For his part, Mulroney is addicted to telephone chats with his own wide circle of political acquaintances. In international affairs, said White, "the Prime Minister came to see that for him the contacts."

And despite the risk of losing personal ties, many Times approved of Mulroney's possible retransferring Clark to the high-profile domestic front. But in fact, Mulroney's choice of ministers capable of handling the vital national unity issue was extremely limited. In addition to wide public discontent, the role

called for a more stature in Quebec. The bilingual Clark now commanded considerable support there. And he is clearly the Tory veteran best equipped to apply the skills of diplomatic brokerage to the country's splintered civil war.

But whether these skills will suffice is far from certain. Mulroney's public disagreements with politicians in general, coupled with Quebec's hard-line demands for sweeping autonomy, have left Mulroney little room to maneuver—and even less time to act. "It really doesn't matter who Mulroney's cabinet members are," said Louis Bouchard, vice-president of Gallup Canada Inc. "People don't care any more—they just want results."

On the international stage, Clark has given the Conservatives just that. Although Mulroney clearly dictates the direction of Canada's foreign policy, Clark has unquestionably left his mark. His ministers note that he deliberately steered Canada into the superpower role of a middle power by emphasizing initiatives in the Third World and other areas where the country's modest diplomatic clout could make a discernible difference. Under Clark's guidance, Canada continued its course independent of the American world leadership as the Organization of American States, and secured an influence in the postwar Middle East by firmly maintaining the friendship of Jordan's King Hussein. But critics cautioned that Clark's dogmatic pursuit of a single-minded role for Canada in such trouble spots as South and Central America served to distance both himself and his prime minister from the full implications of such historic events as the dramatic upheaval in the Soviet Union.

That country now stands on the brink of disintegration. So too, according to some analysts, does Canada. If disintegration is to be avoided in Canada, Bouchard and Joe Clark will have to set aside their cross-long rivalry and collaborate more closely than ever before, for the future of their party—and their country.

By KATH FLETCHER and GUY ALLEN
and BRUCE WALLACE in Ottawa



Risks, Mila Mulroney: his mother's choice

riding of Vigorelli, would be a competent successor to Wilson. But observers questioned whether he would be comfortable carrying out Mulroney's policies. In both Transport and Agriculture, Mulroney's ministerial winging—of not staying—refused. And some Times expressed doubt that a shift from the politically powerful Mulroney to a more political wing of Mulroney's platform be needed in order to strengthen the party's standing in the west.

But friends insist that Mulroney would not seek whatever new role Mulroney assigned him, or let others in his riding discourage him. Eugene Deslaur, a Vigorelli businessman who has known Mulroney since he was a stockbroker in the 1960s, noted respectfully "People here judge you only by the amount of time spent in town." As time dragged, Mulroney remains one of the Tories' most powerful assets in a vulnerable region.

BRUCE WALLACE in Ottawa



Maritime farm for sale: Farm aid is among the persistent, difficult issues

New team, old problems

A realigned cabinet faces a daunting agenda

The booming focus in the 1984 portrait of newly elected Prime Minister Brian Mulroney's first cabinet reveal the optimism with which all 42 members looked to the future. But a half century of power-hungry, the analysis of most Conservative ministers are bleak. Their optimism tempered by experience. As Mulroney unveils his cabinet on Sunday, his ministers must be aware that they faced some of the most daunting challenges ever to confront a Canadian government. Indeed, said Tory politician Allan Rock, at the base of virtually all national Canadian and base of domestic problems, "there is an argument that this country is virtually ungovernable." Added Grigg: "It is a tough task to be a cabinet minister."

The true threats of Quebec nationalism and regional discontent will clearly ensure that Ottawa's overriding concern in the months ahead remains with the shaky state of the federation. But the Tories cannot ignore a rash of other political problems, from the possibility of a general strike by the federal civil service to widespread anger over Canada's nuclear program—which raises concerns of a possible rift with summer's scores of violence and confrontation. And, as they prepare for new continental free trade negotiations involving

Mexico, the Tories must also deal at home with rising unemployment and a shrinking economy—the symptoms of a recession that once Canadian banks at least partly on the 1983 Free Trade Agreement with the United States. With that in mind, Mulroney's choice of economic ministers was one of his most sensitive decisions. In the past, the shuffle, one option being widely discussed by senior government officials was the creation of a new ministry of international trade and commerce. Indeed, said former finance minister, the former departments of industry, trade and commerce and external affairs. Many analysts expected Michael Wilson to head the new ministry, a role that would show how to leave the finance portfolio that he has held for 16 years while remaining involved with economic policy. But wherever he leads the new post would accept responsibility for tricky industrial negotiations with the United States and Mexico leading towards a continental trade agreement. That prospect has already galvanised opposition in the labor and environmental movements.

Any reassignment of Wilson, meanwhile, will leave a critical vacancy in the government's central financial-planning portfolio. Leading the charges for a replacement finance minister

some analysts argue that Wilson's successor should track with his policies. Said Bruce Rockman, former deputy minister of finance and free trade negotiator: "What we have got between us and disaster at the moment is the policy of the minister of finance and the government. We will think them for this some day." Another contention aspect of Wilson's tenure was the government's tightfisted spending. In Ottawa last week, Mulroney's announced a new department in the policy of the minister of finance and the government. We will think them for this some day. Another contention aspect of Wilson's tenure was the government's tightfisted spending. In Ottawa last week, Mulroney's announced a new department in the policy of the minister of finance and the government. We will think them for this some day.

Those restrictions have set the stage for a bitter confrontation between the government and the federal police service. Pressed to limit on-site services, Treasury Board President Gilles Leduc announced on Feb. 22 that new wage settlements for federal employees would be lower as 1991 and limited to three per cent for the first two years. It is an unusual provision, Leduc's announcement, possibly in External Affairs—as Mulroney will face the wrath of Ottawa's workforce. Their anger is pronounced, on April 15, spokesmen for unions representing 150,000 federal employees announced that their membership had voted to launch a strike in the summer to protest the wage cap. Still, the Tories may be eager for a showdown over the issue. With 1.4 million Canadians working now, says Tony Tuck said that there is little sympathy for the

LISTENING TO THE WEST

There are cracks showing in the armor of the man often described as the second-most powerful politician in Ottawa. Since 1984, Donald Manowick has been, in the words of a colleague, "the strongest back in the government." He has held the portfolio of transport and agriculture, served for a time in the Tories' House leader and, since 1986, has been deputy prime minister, acting effectively as the government's chief operating officer. In every role, he has been increasingly close to Prime Minister Brian Mulroney, and a steady reminder to Western Canada that the region had a voice at the centre of power. But as Tory popularity has slumped, even Manowick's reputation has suffered in a region that has been one of the party's strongholds. Noted Arthur Chisholm, editor of Calgary-based *Burns Foods Ltd.*: "Sure, Manowick is a local boy. But to some extent he has become an Ottawa boy, too."

problems of civil servants, and that a tough stand against budget hawks would approve the government's ruling in many parts of the country, especially in Western Canada.

Westcott will likely be more difficult for other new ministers. Among the departments leaving the pouch:

- **Health and Welfare:** With little money available, the Tories have had to lower expenditures for such earlier commitments as a national day-care program. Indeed, the minister is likely to support a great deal of time costing provincial counterparts who maintaining services while federal funding shrinks.

- **Indian and Northern Affairs:** Natives are furious with the slow pace of negotiations over land claims and self-government. Some native groups predict that relations with authorities will again descend into violence over such powder keg issues as hydroelectric developments affecting northwestern Quebec.

- **Justice:** As justice minister, Roy Campbell failed to win Senate approval for new abortion legislation. She also failed to deliver on another law, an initiative to tighten gun-control laws. While Campbell has stated that the government does not intend to re-introduce abortion legislation, she insisted that the Tories will try again on gun control. In fact, many senior party officials see the gun issue as an inopportune issue to democratize Ontario's resolve to act nationally. Still, many rural Tory MPs are unhappy with the idea of further restricting access to firearms.

- **Only one department may escape:** the prohibition on additional spending. Environment. Last December, the Tories committed themselves to a green plan under which the government will spend \$3 billion over five years—nearly double the department's previous budget. That made the portfolio a convenient one among cabinet contenders. But even the environment minister faces tough political challenges. The death of the Tories' sincerity toward the green plan has encountered widespread public cynicism. That may deepen if a new minister orders to pressure farm industry and some provinces to relax environmental standards in order to stimulate economic growth.

The political problems ahead don't doubt over whether a new slate of ministers—or new assignments for many existing ones—can rehabilitate the government's rock-bottom reputation among voters. For at present, many Canadians have optimistically told friends that he believes he was one third there. But, with the national economy and bound by a global recession and Quebec growing persistently to radically reduce constitutional, many of the Tory problem areas appear to be beyond rescue. Says Sen. Senator Thomas Shogren, now living in Victoria after a bad career as federal deputy minister of finance: "The problems are so bad that I would not wait the job right now. That is why I think in my opinion." That is one opinion which many Canadians do not have—yet.

A dangerous world

Changes challenge Canada's foreign policy



Clark 'one of the best in decades'

I was early March and the national affairs minister was halfway through a hectic whirlwind tour of Jordan, Kuwait and other Arab capitals in a volatile area. Glad in a grey three-piece suit, a relaxed but wary Joe Clark leaned against a wall in the Canadian Embassy in Riyadh, Saudi Arabia, and told McEwen "I feel the same: there's a real chance for a breakthrough in the region, but we have to take advantage of it now." After last weekend's cabinet shuffle, Clark apparently had not put that chance forward. His successor—at present, former diplomat and current Treasury Board President Gilles Lamontagne and Finance Minister Michael Wilson appeared to be the leading choices—now has to steer Canada's foreign policy through an increasingly hostile post-Cold War world. Said Christopher Maslin, director of Ottawa's Christian Leadership School of International Affairs: "This will be a period of tremendous instability. A new minister faces a very challenging task."

Those challenges will come from the ten-

anted heartland of the Soviet Union, though a changing European continent and—by way of drought-stricken Africa and plague-ravaged Latin America—to China, where a general leadership is now trying to rebuild shattered international alliances. But the new minister's greatest test is likely to come in the Middle East, a region marred by the Arab-Israeli and other ethnic-religious conflicts and scored by war. That region, said Alex Morrison, executive director of the Toronto-based Canadian Institute of Strategic Studies, "will continue to be the number 1 trouble spot in the world."

Canada's involvement in the region was underscored last week with the departure from Chetumal B.C., of the first of about 300 military engineers whose Ottawa has contracted to do the post-deployment work in the Persian Gulf (page 24).

Other regions also may require its crisis. Europe, for one, faces massive changes in the coming months. The former superpowers of the Warsaw Pact remain highly unstable, noted Maslin. And if the Soviet Union breaks apart, as some experts anticipate, refugees may flood into Western Europe. The resulting, predicted Maslin, could "foster the migration of people coming out of long-term economic byproducts."

Other pressing issues are the situation of an increasingly constrained foreign aid budget; Canada's stance toward South Africa in that country's demand for its recent apartheid policies; future participation in NATO; and the growing alarm over such global issues as the overpopulation, South Africa, where a rising ethnic apartheid has added to the tensions created by the booming, cocaine trade will also demand the new minister's attention.

Still, the most personal challenge for the new minister may simply be filling Joe Clark's shoes. Said Christopher Taylor of the Canadian Council for International Co-operation, an umbrella group based in Ottawa representing 136 involvement agencies: "This has been one of the best cabinets in decades. We'll be very sorry to see him go." John Kurian, a Canadian foreign policy specialist at the University of Toronto, observed that over his 8½ years in the ministry, Clark "had developed an immense stage of confidence."

And Kurian added, "Canada's foreign policy has been developed in Clark's performance." "The ministry had a good continuity level with Joe," Maslin observed, adding that professional diplomats "instilled him and had tremendous affectation on him." Clearly, the challenges confronting Clark's successor will be tested at least as well as overseas.

GLEN ALLEN and ARDRE WALLACE
in Ottawa



Ring (left) and police challenge: Queen missing from Ontario's loyalty oath

Moon over Queen's Park

Premier Bob' survives his worst week

At the hub of a province where the symbol of the crown still adorns local police, Toronto was known as "the Queen City" for its unflinching loyalty to British institutions. For 127 years, records going back to the city's police were sworn in oath of allegiance to the reigning monarch. But a minister approved by Ontario's new month-old New Democratic government ended this month—and ended public law week—terminated that tradition last week, new officers joining the 5,000-member provincial police force or any of the city's 116 municipal police departments will now pledge loyalty to Canada and the Constitution, long the bedrock from tradition, provided expressions of outrage among police, opposition parties, civic officials and members of the public. Said Gerry Toffoli, Toronto chairman of the 26,000-member March 19th League of Canada: "I see this as treasonous."

That controversy was only one of several that made last week one of Premier Bob Rae's worst since his New Democrats swept to victory in the provincial election last September. After accusations in the legislature, Rae issued the provincial conflict-of-interest commissioner to investigate Community and Social Services Minister James Alton's personal finances. Then, Rae had to deal off questions over a public complaint that someone in the premier's office had slipped up in a window seat heard his

harmless—namely known as "mooning"—at people demonstrating against two recent police officers. Then, Health Minister Evelyn Giguere, 48, resigned after releasing a patient's name—contrary to the province's Freedom of Information and Privacy Act. One caucus member described the string of gaffes as "a burner ship," while the premier himself seemed overwhelmed by the events. Asked to reporters how he was handling the pressures, Rae shot back: "Would a screen suffice?"

Giguere's downfall began with a TV report by the city's 116 municipal police stations as a Canadian concert artist who had received rehabilitation treatment in the United States over the course of a 20-month period at a cost of more than \$425,000 to the Ontario health insurance program. Under questioning in the legislature last week, Giguere issued the report, who had obtained anonymous in the news media. That led to charges by opposition members that Giguere had violated the patient's right to confidentiality. Hours later, she resigned.

But even in the midst of the Giguere debacle, it was the decision to delete the Queen from the police oath that buffeted the province's public consciousness. The Ontario education party told the legislature that the change in wording was not significant. For one thing, he said, officers would be "expressing loyalty to all the institutions of the country, including the

monarchy" by swearing allegiance to the Constitution—which endorses the Queen as Canada's head of state. Rae later said that his government had no plan to change the oath to the Queen and sworn by 100,000 and almost 100,000 officers—a tradition shared by the Canadian military and the federal government. But one government member privately called the monarch "a relic of the past."

And, the new oath: "It was totally unnecessary and reinforces the child of us as gullible Canadians."

At the same time, some critics said that the minister in which the new police oath was introduced, undermined

Rae's premise that he would run an open government. Officials in Solicitor General Michael Rempel's ministry told McEwen's that his government's

that officer drafted the new police oath as part of the regulations accompanying a new law last month, the new oath was quietly approved by two cabinet

committees and signed into law by the bill cabinet on April 3. It first became public only when police departments officially learned of the revision a week later to a memo from a senior minister. In the legislature last week, Conservative Leader Michael Harris told Rae that he was "deeply offended by what I consider to be an underhanded, secret decision."

One cabinet official said that the main rationale behind the new oath was to attract a greater number of senior magistrates in the province's police forces. Such magistrates, he said, might feel uncomfortable wearing allegiance in what they might perceive to be a "bizarre monarch." And several municipal groups supported the revision. Said Mario d'Amboise, Ontario's regional president of the National Congress of Indian Peoples: "I see nothing wrong with it. The monarchy is not as relevant as it was 60 years ago."

But some senior police officers did not share that view. Last week, Sgt. Benjamin Bag proudly posed for cameras when he saluted a portrait of the Queen—one of 120 new portraits ordered from the Governor General's office in Ottawa by Toronto police as a gesture against the new oath, a police spokesman said. "I was worried that this change was being described as a concession to viable minority officers. I don't agree. Canada's police are, and who would I be to ask that this country destroy its links with the past?" At the end of the week, controversy over the government's intention to delete the Queen from the police oath was only one of the political headlines that the NDP was desperately trying to antagonize.

PHIL KAPLAN

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DEATH AND DEVASTATION

**FOR MANY KURDS
FLEEING IRAQ, THE
NEWLY MOUNTED
INTERNATIONAL
AID EFFORT HAS
BEGUN TOO LATE**

Nearly every morning after the night's rain subsides, the sun pulls in the half-light to dry graves for those who have died in the dark. The dead are mostly children. One morning, at one of the many encampments dotting the east refugee camp for Iraqi Kurds just inside Turkey, 16 deaths were recorded close by. A father buried his 2-year-old son and his wife laid the body of their six-day-old daughter inside. It was wrapped in a white sheet, embellished with a spray of red ribbons. The mother showed little emotion. She seemed drained of all feeling.

It is that camp alone, located at Irbilnarm, and childless almost 200,000 refugees, freezing rain, sickness and hunger were handing thousands of lives a day last week. Nations' international relief workers seemed overwhelmed by the scale of the suffering. Some pediatric family groups, including one serving relief to complete in the Shiite areas that greeted every flood, food, were reduced to eating grass and weeds. And only the persistence of unseasonably cold weather prevented a mass outbreak of cholera and typhoid in the unsanitary conditions of camps. But bugs and effects were under way. An advance guard of the 10,000 American GIs and 7,500 European troops committed to the effort began arriving with scores of helicopters, land-ropes of trucks, and scores of supplies of food, clothing, tents, blankets and medical relief to take part in the biggest international relief operation since the 1945 Berlin airlift.

For many of the Kurdish refugees in the east of equal makeshift camps along the mountain-

ous Iraq-Turkey border, it was too late. But for those still clinging to life while the allied troops set up makeshift camps in more accessible sites inside Iraq, there was hope. The government of President Saddam Hussein, which created a Kurdish rebellion after the Persian Gulf War ended on Feb. 27, seemed unlikely to risk military action to interfere—although Baghdad had provoked the intervention as a violation of its sovereignty. Launching a parallel rebel plan of their own, UN officials also voiced doubts about the legitimacy of the U.S.-led operation. Even President George Bush had obvious misgivings. He authorized the operation under international and domestic pressure and he was clearly concerned that America would be drawn into a lengthy Iraq civil war. But humanitarian considerations became the overriding factor. "The idea of being able to walk away from the situation was never a viable policy," said Robert Mueller, a Middle East expert at Washington's Center for Strategic and International Studies. And the U.S.-led relief operation represented the best hope of saving the Iraqi Kurds from extermination.

U.S. forces fanned out across northern Iraq last week looking for suitable sites to relocate the estimated 500,000 refugees struggling to survive at the mountain near the Turkish border. One location was the beautiful valley at Hasakah, running parallel to the border. Five or six other camps are likely to be located far deeper into Iraq territory—no such as 100 km. In the nearby Iraq city of Zakho, some allied military officers, one of them Canadian Lt.-Col. Mike Murphy, sent Iraqi troops outposts on Friday. In a town 45 miles east, they viewed the Kurds against any attempt at interference. On the other hand the allies assured the Kurds that they would allow the camps to be used as bases by guerrillas of the Kurdistan People's Militia, or "those who face death."

The relief campaign does not cover a million refugees gathered near the Iraq-Turkey border. In an effort to help ease that situation, Ottawa announced last Wednesday that it would direct much of Canada's military humanitarian aid to the border location (page 20). In both cases, conditions were frightening. A Western correspondent who visited Irbilnarm last week



Kurds crossing into Turkey: a roving caravan of need and excitement

described the sprawling encampment, festooned with tenting poles, as a roving sea of mud, excitement and arms.

The puttering entrance of doughnut shops and carts by almost everywhere, selling to the stomach. The earth itself seemed packed, and the there was little clean water. One mountain stream supplied the entire camp, and only a handful of the strongest Kurds could climb to where it had not yet been reduced to the condition of an open sewer. Dr. Alan Destrade, a Belgian member of the European medical organization Doctors Without Borders, and that a deadly epidemic of cholera and typhoid is inevitable unless the refugees can be moved quickly to more sanitary surroundings with hygienic toilets and clean water.

Destrade and other foreign relief workers appeared virtually to be alone, paralyzed by the scale of the suffering. The first Doctors Without Borders crew to arrive was held up for days by Turkish red tape. When the three doctors

were finally allowed to enter the camp aboard a tractor-pulled trailer carrying boxes labeled "Basic health kits—1,000 persons," refugees surrounded them and stopped them. The Kurds entered a dying woman in a blanket and placed her, almost like a religious offering, next to a wheel of the trailer. The doctors looked on in horror but made no move to help her—she was apparently beyond assistance. They then drove on, looking for a suitable site to locate their clinic. Expelled Destrade "First we must start the clinic, then we can start treating people. Otherwise, it will be impossible."

Conditions at Irbilnarm were so desperate that, despite the arrival of aid, some refugees were beginning to mutiny. In their homes, making the vengeance of Hussein's troops and secret police. "They have no choice," said Ali Hussein, a refugee whose

wife had left for home with her immediate family two days earlier. "They would be here because they have no one young and strong enough to fight the Iraqi army." The desperation of such families was apparent. On the way to Zakho, to which they were apparently returning a mother and her two young daughters were eating grass and weeds that they had plucked from the roadside.

That family and other would-be returnees found their way barred at a Bush Maza and black wheat guardrails ordered them to turn back. "They don't let us go through," said one man who had been an English teacher in Zakho and wished to return to his home. "They say that the government will arrest and torture us." But he was apparently desperate enough to take a chance that Hussein's promise of amnesty to returning refugees was genuine. "I am going to stay here until they allow us to go,"

World Notes

ABUSE IN RUSSIA

Amnesty International reported that Russian armed forces and members of the resistance had killed scores of people and arbitrarily arrested hundreds of others since U.S. forces withdrew from the country on Feb. 27. The London-based human rights organization said that many of the detainees had been tortured with rods, knives and sexual violence, and that most of the victims were Palestinians.

RESTRICTING NIEL SMITH

The Office of Trade Supervision, which oversees the savings and loan industry, imposed strict regulations on President George Bush's 36-year-old son, Neil, should be over 20 years old with a federal savings association. Members of the government body took their action after federal investigators learned that of violating conflict-of-interest rules while serving as a director of the Denver-based Sovereign Banking, Savings and Loan Association, which collapsed in 1988.

SOUTH AFRICAN AGONY

Taking the stand as her kidnapping and assault trial, black activist Winnie Mandela testified that she was in Broadford, 300 km from her Soweto home, when four black youths were allegedly kidnapped and beaten in 1988. But prosecutor later accused her of being evasive about details of her trip. Meanwhile, her husband, African National Congress leader Nelson Mandela, denounced a government proposal for peace talks in Johannesburg and said that the ANC would establish parliamentary defense units to protect its followers from members of the rival Black Inkatha movement.

PASSING SECRETS

In the latest of a series of similar incidents, German officials arrested a defense ministry official as a spy for the former East German government. A federal prosecutor's spokesman said that the suspect, identified only as Gerd Stenzel, P., sold photographs of classified documents to his Communist handlers for over two decades.

A CRUDE DISASTER

Hundreds of oilmen, fishermen and fishermen died Friday night as a massive oil spill from a tanker on the Italian Riviera after a catastrophic south suddenly began blowing crude from the tanker's super-tanker 300 meters toward land. The ship, carrying some 200,000 barrels of oil, sank in the Gulf of Genoa on April 14, causing an explosion which killed at least three people.

he said. Hassanali Sadiki, a 46-year-old interpreter with Peab. Many corrections said of the guerrillas. "They don't want to give any sign of reconciliation or of confidence in Saddam Hussein's amnesty. And they don't want to leave so far back because they may get killed in the fighting when the Peab. Merga leaves Zabab again."

In fact, the ultimate aim of the allied relief operation is to persuade the refugees to return to their homes. But at the al-Badr camp, most people seemed determined not to go back until Hussein is overthrown. "Even if he promises a million lions, I believe him," we don't believe him," said Muhammad Amir. "He has promised it to us before. How can we trust him?" In fact, many refugees expressed reluctance to go to the so-called safe havens that the allies are establishing inside Iraq territory. They clearly feared that the Americans and their allies would eventually leave, abandoning them to the mercy of Hussein's troops and secret police. "We are not going," said one refugee



Unloading aid in Iraq: relief workers forecast a deadly epidemic

named Ali Mohammed. Another named Ahmed Abdul Karim said that he would only return "if they send Saddam away or someone kills him."

As the allied relief effort begins over Iraq, the Baghdad government and the UN-backed agreement on a parallel program under which the US would set up a series of

refugee relief centers. Those would serve not only Kurds and other ethnic refugees in northern Iraq, but also Shiite refugees in the south who fled as Iraqi troops crushed an anti-government uprising following the liberation of Kuwait. But there were no provisions for the UN center to be defended against possible attack by Iraqi troops. In Baghdad, UN troublemaker France's Secretary-General Jacques de Larosiere said that he hoped his operation would "coincide" with that of the allies. And in Washington, White House spokesman Martin Rhoades said that the UN center appeared to provide a basis for the US-led rescue operation. "Hopefully, we will be

as soon as possible," added Rhoades. "But it is impossible to say how long that might be at this point."

Earlier, US Secretary General Javier Pérez de Cuellar had expressed doubts about the legality of the US-led rescue without new and explicit authorization by the Security Council. But US Secretary of State James

Beaker argued that the operation was fully authorized by Security Council Resolution 660 of April 6, which called for the use of "all resources" to alleviate the suffering of the refugees. Some international lawyers expressed agreement. Still, analysts said that the main reason Washington did not seek from Security Council authorization for its plan was the fear that the Soviet Union and China, with ethnic problems of their own, would delay or even veto a proposal. An British Defense Secretary Thomas Kinnock posted out in Parliament on Thursday, "times of the season" when people are dying at an estimated rate of 1,000 a day.

Although the Americans took the lead in the allied program, supplying by far the greatest number of men and machines, the British and French were clearly the antiheroes. British Prime Minister John Major, strongly supported by French President Jacques Mitterrand, first proposed the creation of safe havens—inside Iraq but protected by allied troops—at a European Community summit on April 6. Initially, Bush expressed opposition to the idea. "I do not want a single soldier or aircraft shown at a port we are in Iraq that has been going on for years," he declared. But Major and Mitterrand kept up the pressure, reportedly telephoning Bush over a 10-day period with plans for health reconsider. A French foreign ministry official, who wished to remain anonymous, said last week. "Their arguments were essentially the same—that our victory in the Gulf would be tarnished if we failed to intervene." Said a British diplomat. "We weighed and weighed the Americans, and suddenly they came through like a rocket."

Another factor in Bush's decision was clearly the impact of media reports and satellite television that had graphically depicted the Kurdish suffering. But when Bush did act, some experts expressed disappointment. Christine Hefner, for one, a Washington-based Middle East analyst who was a White House adviser on Iraq during the Gulf crisis, told *Washington Post* that Bush's action could be very problematic in the long run. He has created a potential arena for Kurdish groups seeking not just autonomy but independence, and that will have a destabilizing effect on Turkey.

For the moment, however, those considerations have been swept aside by the desperate needs of the Kurds. And when the huge afteroperation began last week, the real of the people taking part in it was modest. Second Lt. Charles Kied, a US Army helicopter pilot based in southern Turkey for the relief operation, declared "You feel a lot better about doing this than combat, because you're not trying to kill people." For Kied and his comrades, flying in no-man's-land territory and landing amid thousands of desperate, starving people was clearly a hazardous undertaking. For Bush and his allies, the operation and politically responsible relief effort seemed as dangerous as it was vital.

JOHN REEDMAN with SCOTT PETERSON in Baghdad. WILLIAM LOWMYER in Baghdad and PETER LEWIS in Paris

THE SOVIET UNION

Capitalism, Soviet-style

Ruble millionaires form their own club

On a Leninsk Prospekt, the Moscow Building Materials Exchange offers a peculiar alternative to the following system that Vladimir Lerner helped found in 1977. There, on a major thoroughfare that connects the Moscow Soviet leader, 25 commodity brokers spend 12-hour days in unadorned and legal—market of profits. They act in cash business, the Soviet buyers and sellers of bulk commodities ranging from lumber to poultry—almost any item, in fact, that is in demand in a shortage-ridden society. With his 28-year-old brother, Dmitri, Herman Skreb-

helped to found the Young Millionaires' Club of Russia earlier this month. Although not wealthy by Western standards—a ruble millionnaire has a net worth of about \$12,000—the young entrepreneurs, all under 35, have banded together to form a sort of trade union and protection society. And to underline their opposition to the current Soviet system, club members say that they will not admit any candidates who still belong to the Communist party. But more say, at least, the club will not diverge from the prevailing traditions in the top echelons of Soviet government and business.



Producers (center) at his Moscow city office: private businessmen in all but name

pm, opened the exchange three months ago, joining more than 170 similar trading operations across the country. And as co-chairman president, the intense, bespectacled entrepreneur has prospered, earning one million rubles from his share of sales commissions during the first month of business alone. But that success has made him a focus of envy. Jealousy of Communist authorities have imprisoned many Soviet officials with a deep distrust of successful businessmen. "The government," said Skreblov, "believes that a poor man is an honest man and that a rich man is a thief."

To counter that widely held view, Skreblov

may it will be a lesson of mass power. As a frustrated secretary refused Skreblov's request last week, he said that women could become members in principle. But he added, "I do not know of any women entrepreneurs in Russia. I had written in my country have usually earned their money in another way"—a clear reference to the so-called elite professions, prostitution.

In any event, of the 12 founding members only the Skreblov brothers and one other businessman were willing to disclose their identities publicly. All, however, readily emphasized that they had legally earned the millions of rubles that are required for membership.

THE ARMY ON A MERCY MISSION

While the few remaining members of Canada's military contingent at the Persian Gulf War pushed up what was left of their tanks, some Canadian troops arrived at the region last week on two dramatically different missions. In response to a request from the United Nations for peacekeeping troops, the first 30 of approximately 380 Canadian soldiers arrived in the 3,200-square-mile demilitarized zone that the UN will help patrol in the Iraq-Kuwait border. Then, late in the week 63 members of a field ambulance unit flew out of Canadian Forces Base Lahr, in Germany, with 10 ambulances and 15 military vehicles to offer medical help to some of the estimated 20 million Kurds who have camped out along Iraq's northern borders with Turkey and Iran.

The Canadians, bound for the Iraq-Turkey border, may form the largest unit in an international force of 1,400 people from more than 20 countries. The Canadian troops are military

engineers based at Oshkosh, 90 km east of Vancouver. Their main task will be to clear away thousands of mines and unexploded shells in order to create a safe patrol route through the demilitarized zone. Anticipating that risky task, said Capt. John Theobald, 31, "sometimes people get hit, and sometimes not." But Theobald, who celebrated his birthday last week by staying in his room but not in to prepare for the desert climate, added, "Right now, all the guys are charged up."

Meanwhile, advance members of the ambulance unit began to arrive on April 15 at a Canadian base in Turkey. When complete, the Canadian contingent will include as many as 12 doctors and

Canadian peacekeepers: clearing mines in the demilitarized zone



PHOTO COURTESY OF THE CANADIAN ARMY

ship. That sense of caution appears to be reinforced, the Soviet Union still has stringent rules governing private business, including a recent presidential decree that Kozlovskiy's sale is intended to protect the country's sagging economy from exploitation. The law allows the police to enter business premises at any time and inspect ledgers without a search warrant.

Stefilov thrags all the spare-time jobs by local police officers. "It is all legal," he says of his operations, walking through the long, narrow trading hall that he rents for \$500 per month from the Moscow City Transport Agency. "Anyway, the police tell me that they have no training for that sort of work and do not know how to read the documents they are examining." But Andrei Prodanov, the operator of Kropotkinskoye 36, one of Moscow's best private restaurants, expressed a gloomier view to Marlene last week. Said Prodanov: "Every day begins and ends with the fear that the police will burst in on our restaurant and, under any pretext, conduct a search."

Despite that recent chill to the business climate, long-gestating Soviet enterprises have continued to grow since President Mikhail Gorbachev first eased restrictions in 1987. Now there are about 226,000 co-operatives spread across the country, many of them flourishing under an ideological fiction which holds that they are new forms of worker-organized collectives that have sprung up to fulfill unmet needs. In fact, most of the enterprises, from Sofri-

gov's commodity exchange to physician Svyatlov Prodanov's minnow, Moscow-based Zyn Surgery Clinic, are private businesses in effect, with an owner-lease in charge. Despite dramatic expansion, however, the co-operative is still only a small part of the moribund Soviet economy, with about six million employees in a national labor force of 113 million.

The Stifilov, who dropped out of first-year law classes at Moscow University and who had no previous business experience, founded a commodity exchange he has personally profitable. That is because the business, whose logo bears the likeness of Stifilov's pet sheepdog dog, Akas, handles material such dry wool worth 12 million rubles, or \$367,500. Inside the daily 32 hall, buyers and sellers huddle around phones or double papers that list a starting price of goods. Some of the items, including mostly scarce building materials, come from state enterprises that can legally sell surplus goods at market prices once they have met state production quotas. Other deals ranging from cars to television sets are the personal property of Soviet citizens.

And on every completed sale, Stifilov receives 0.43 per cent of the sales price. The \$5 bankers, who each paid \$20,000 for the right to make deals at the exchange's long trade table, earn commissions worth 3.06 per cent of each closed sale. Said Stifilov: "We are all profiting here."

Last week, however, Stifilov looked more bleak as the security system he recently was than

a rich businessman. Devised to control checks and a black leather jacket, and smoking his way through a pack of Marlboro cigarettes, he complained bitterly that Soviet authorities were chronically unable to distinguish between straight-for-ward capitalists and illegal activities.

At times, he echoed businessman Prodanov's view that Soviet businessmen might soon face even greater government harassment. And, he said, he could not even find relief from his high pressure business by indulging in some high-gloss shopping. There are few readily available luxury goods in the Soviet Union, and Stifilov has not yet managed to replace the modest, Soviet-built Zhiguli sedan that he swapped recently in a traffic accident.

He is also wary about making a large-scale personal investment, such as buying a house or apartment, because he says that the government might reverse its timid moves towards privatization and instead attempt to replace the market. As a result, he has confined his consumer spending to such items as televisions and refrigerators, including, popular merchandise that at the very least has resale value. Added Stifilov glumly: "Now I have four kids." Despite such frustrations, Stifilov predicts that he will still be in business when a Moscow street that is named after Lenin becomes totally to the inevitable—and becomes a show-case for capitalism.

MALCOLM GREE in Moscow

No islands, no money

Gorbachev appeals in vain for Japanese aid

Businessmen can choose. And Soviet President Mikhail Gorbachev, facing massive political and economic problems at home, clearly had to make concessions. He flew to Tokyo last week, as the first Soviet leader to visit Japan, to appeal for financial and commercial. There had been earlier reports that Tokyo might offer a staggering \$30-billion package. But last week, Prime Minister Yasuhiro Nakasone demanded a high price for any assistance. In a series of closed-door meetings, some sales said, Kato told most of the Japanese leaders to extend aid and Moscow agreed to provide an expanded role in the Korean crisis in Japan. After three days and an intense negotiating session, the Soviet leader offered a compromise. In a joint declaration signed at the end of his visit, Gorbachev agreed for the first time to recognize sovereignty of the sparsely populated islands that the Soviets seized in the final days of the Second World War and offered to reduce the Soviet military presence there. Raising a glass of champagne to his host, Gorbachev declared: "We have vastly promoted our relationship."

In fact, however, Gorbachev left Tokyo without the economic aid that he had asked for. Trade between the two countries amounts to a relatively small \$7 billion, largely because Tokyo has refused to extend government guarantees to Japanese firms operating in the Soviet Union. And despite Gorbachev's appeal to the Japanese parliament for Gorbachev's cooperation, Kato only agreed to expand relations in 15 minor areas, including fisheries quotas and environmental conservation. Meanwhile, Japanese lawmakers have expressed their skepticism about meeting in the Soviet Union, citing Moscow's \$460-million debt from past Japanese exports, as well as its continued occupation of the Kuriles.

The Soviet Union declared war on Japan just before the end of the Second World War and



Gorbachev: conciliatory

eventually seized the Kurile chain, including the self-designated islands of Iturup, Kunashir, Shikotan and the three Bonin. The Kowloon maintain that Japan recently surrendered there under the terms of various postwar agreements, including the 1951 San Francisco treaty which withdrew Japan's holdings. Last week Gorbachev insisted that the Soviets had made past "mistakes,"

implying that involving the Kuriles had been one of them. But he added that "a new reality has emerged that must be recognized with understanding the fact that most Soviet citizens now consider the Kuriles to be their territory."

Consistent hard-liners already accuse Gorbachev of endangering Soviet interests by withdrawing from Eastern Europe. And Soviet military officials maintain that the Kuriles, which guard coastal bases at the Sea of Okhotsk, are essential to the country's national security. Japan has long claimed the islands as its own, and has repeatedly refused to return them to the Soviet Union.

MARY HENDER in Tokyo with TOM KOPPEL

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THE UNITED STATES

A seaside sex scandal

A possible rape victim is publicly named

Among the protesters in Florida's exclusive Palm Beach community, she is known as "Party-O." To most of the world, she has been known for the past three weeks as the unnamed 20-year-old woman who told Palm Beach police that William Kennedy Smith, a nephew of Massachusetts Senator Edward Kennedy, had raped her at the Kennedy seaside mansion on March 30. But last week, several American news organizations,

residents about Bowman and her lifestyle, Edward Kennedy's own personal life became the focus of renewed media attention.

The case of Bowman's name first on April 7 in London's Sunday Mirror, then last week in the supermarket tabloid *The Globe* on Fox News and in several American newspapers, set off a spirited debate in newsrooms on every part of the world. Michael's life most other Canadian news organizations, usually shied.



Edward Kennedy on the French Riviera; controversial

breaking their usual policy of withholding the names of rape complainants, publicly revealed the woman's identity: she is Patricia Bowman, the stepdaughter of Michael O'Shea, a multimillionaire former chairman of the General Tire and Rubber Co. of Akron, Ohio. Smith, 35, a medical student at Washington state's Georgetown University, has denied raping Bowman, and police had not had any charges by the weekend.

But because of the prominence of the Kennedy—well as the O'Shea—the case has become the talk of Palm Beach and a headline around the world. The disclosure of the alleged victim's identity was only one of several sensational-grabbing developments last week Palm Beach police, accused by the local media of giving special consideration to the Kennedy, acknowledged that detectives did not talk to Smith or the senator, who was at the family resort house on the right of the thousand, during two visits to the clinic on March 31.

They also acknowledged that nine-week-old Bowman did not go to the Kennedy compound until April 13—nearly two weeks after Bowman said that she had been raped. Meanwhile, police received the laboratory results of blood and hair samples obtained from Bowman and Smith. But they did not divulge the results and said that other tests to identify Smith's DNA would take weeks to complete. And as a team of detectives hired by the Kennedy family questioned Palm Beach

the identities of alleged victims of sexual assault to spare them from scandal. "But in the Bowman case," said Michael's editor Kevin Doyle, "her identity had already become so widely known that it would be almost impossible to cause additional damage to her reputation by identifying her. It would also be unfair to the magazine's readers to refuse to provide Bowman's identity and background after it had become available to hundreds of

millions of North Americans and others."

Bowman was born outside Akron in 1961, the only child of a welder and a secretary. Her mother, Jean, died for divorce in 1974 and she was later named as the "long-standing girlfriend" of Michael O'Shea in the wealthy industrialist's own divorce proceedings in 1981. They were married soon afterward and moved to Florida. Bowman joined them in the Palm Beach area, where she pursued a literary life in one of the country's most exclusive playgrounds.

Throughout the 1980s, Bowman took several liberal-arts courses at Palm Beach Community College during the day and frequented the local bars and discos by night. Records of the Florida department of highway safety show that, during that period, she also received 17 tickets for speeding, careless driving or being involved in an accident. In 1989, following the birth of a daughter out of wedlock, Bowman moved into a house in Jupiter, 30 km north of Palm Beach, which her stepfather bought for her. According to local residents, she continued to patronize popular night spots. Nathaniel Brad, an acquaintance who was at the fashionable Au Bar club on the night that Bowman met Smith, told *The New York Times*: "She liked to drink and have fun with the re-to-do with a cold society."

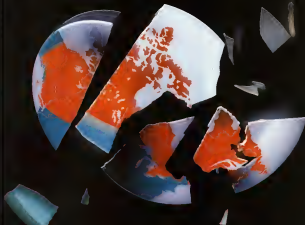
As for Kennedy, on the night of the alleged rape he paid nearly \$200 for drinks at the pricey Au Bar before returning to the compound after 3 a.m. with his son Patrick, Smith, Bowman and another young woman, Michele Casano. Casano, a local waitress, later told reporters that the 20-year-old Kennedy walked around the mansion "wearing nothing but a shirt" and "acting weirdly."

Kennedy is familiar with controversy. In 1993, he was the driver of a car that ploughed off a bridge in Chappaquiddick, Mass., killing his passenger, 26-year-old campaign worker Mary Jo Kopechne. He did not report the accident until nearly 30 hours later. In 1965, a so-called "trial by media" by Maria Charles, the former personal assistant to Kennedy's wife, Joan, detailed the senator's numerous extramarital affairs that she claimed led to his wife's alcoholism and eventually to divorce. And in 1987, a waitress at Washington's La Botzette restaurant said that she found Kennedy with his pants down, on top of a young woman with her shirt up, on the floor at a private dining room.

Despite those incidents and others, Kennedy has remained an effective senator, the national standard-bearer of liberalism, and he has been re-elected five times since 1982. But some angry Massachusetts voters protested last week that if police charge Kennedy's nephew with rape, the resulting publicity, combined with the cumulative weight of the senator's own indiscretions, could end his political career. That is a prospect that the state's Republican would welcome. Sen. University of Massachusetts political scientist Paul Rotundo: "I think they smell blood."

ANDREW DELSKI with correspondent reports

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A GOLDEN CHANCE

WESTERN NATIONS HAVE THEIR BEST OPPORTUNITY FOR ECONOMIC CO-OPERATION IN NEARLY 50 YEARS

It was a display of early energy seen among the world's leading economic powers in a modern, black overlooking the River Thames in London last week. British Prime Minister John Major hosted leaders and officials from 39 countries, including Canada, the United States, Germany and the Soviet Union, at the formal inauguration of the European Bank for Reconstruction and Development. The new institution's role is to provide loans to help Eastern Europe and the Soviet Union in their transition from communism to capitalism. The 12 countries of the European Community contributed about half of the bank's \$14 billion in start-up capital, while the United States provided \$1.6 billion. The amount is tiny compared to the \$1 trillion that many economists say will be required to rebuild the former Soviet Bloc nations. Even so, agencies at last week's ceremony praised the co-operative effort. French President François Mitterrand, for one, hailed the bank as "the first institution of the new Europe."

According to some economists, that co-operative spirit—rooted in the end of the Cold War and fostered by the Gulf War—presents the world's industrial nations with their best opportunity to promote economic growth since 1944, when economists and government officials from the wartime Allied nations gathered in a small room in New Hampshire to establish the foundation to a postwar economic system. The so-called Bretton Woods conference resulted in a remarkable era of international economic co-operation that lasted for nearly three decades until it collapsed under the weight of national rivalries and inflationary pressures.

Now, President George Bush is urging his fellow leaders to help create "a New World Order" that most analysts say they think the world's leading powers will agree to set aside their long-standing economic differences.

In Washington this weekend, finance ministers and central bankers from the Group of Seven countries—the United States, Japan, Germany, Britain, France, Italy and Canada—met for the first time since U.S.-led forces dictated Iraq in February. Their immediate challenges include the need to assist reconstruction in the Middle East while averting economic catastro-

phes in order to promote trade and orderly economic growth. The United States—the world's major economic power—agreed to peg its dollar to the price of gold, at a rate of \$35 (U.S.) per ounce. In turn, the other industrial nations agreed to tie their currencies to the greenback. To ensure as much international trade could flourish and to prevent the dramatic

world's unbalanced nations enjoyed relatively strong economic growth in well as single-digit inflation and low unemployment rates. But the era of co-ordinated exchange rates broke down in Aug. 16, 1971, when they President Richard Nixon announced that the United States—proudly to protect its gold reserves—would no longer automatically exchange dollars for the precious metal. Instead, Nixon declared that the greenback would float on international markets and that its value would be determined by supply and demand. Soon then, U.S. leaders have argued that the best way to ensure prosperity is to reduce government intervention and encourage free markets.

But some analysts, including Robert Kuttner, a U.S. economics writer and author of the controversial book *The End of Laissez-faire*, claim that the trend towards unassisted free-market policies in the United States and elsewhere has increased worldwide

interest rates around the world, contributing to the current global recession. Richard Kuttner: "When you have everything up to market's, all kinds of hell can break loose."

But pre-free-market economists, who continue to dominate policymaking in many Western governments, vigorously dispute that view. Despite the often sharp currency swings in inflation rates, currency values and trade imbalances that have occurred over the past two decades, they argue that floating exchange rates and more vigorous international competition have yielded greater benefits than the Bretton Woods system. Alan McKee, an economist at Carnegie Mellon University in Pittsburgh, for one, says that the trend towards less government intervention helped to bring about "one of the largest economic expansions in history during the 1980s."

Kuttner, however, says that the United States should continue its commitment to free markets and join with Germany and Japan to manage trade and finance. As well, he says that the world's economic powers should "rebuild a global monetary system" similar to the Bretton Woods arrangement. That system would be based in part on a series of public development banks, such as the European Bank for Reconstruction and Development, "and a bank towards growth rather than austerity."

But free-market economists say that the world's financial system is now too complex for the United States, Japan and Germany to manage, even if all three nations worked together. George Milten's Milten says that global exchange rates, for one thing, unfairly stabilize business conditions of dollars are traded on world markets every week—more than the combined reserves of the three countries' central banks. Added Milten: "It is really in better to believe that a few central bankers with a few billion dollars can influence international currency fluctuations far more than a nation."

Despite Bush's repeated promises of a New World Order, Kuttner concedes that it is highly unlikely that the United States will press for stronger international ties to guide the global economy. "To establish a system like Bretton Woods would require more intervention than is ideologically fashionable," he says. As a result, he says, the world's launch of the European Bank for Development may turn out to have been an isolated instance of economic co-operation.

JOHN DALY



Self-treatment plant in Wroclaw, Poland: \$1 trillion in reconstruction costs

phes in the Soviet Union. But the G7 ministers are also likely to debate other issues, including the burden of Third World debt and the risk of a trade war between North America, Japan and Western Europe.

According to some analysts, the need for closer co-operation among the world's leading economic powers has increased since the collapse of the Bretton Woods system in 1971. Essentially, Bretton Woods required the new industrial countries to maintain stable currency

or else risk the 1980s, countries were expected to control their currencies so as not to gain an unfair advantage over their trading partners. At the same time, the International Monetary Fund provided short-term aid to countries with balance-of-payments deficits, and the World Bank extended low-interest loans to underdeveloped countries to help them grow and join the trading system.

For the most part, the Bretton Woods era was one of prosperity. While it lasted, the

economic growth, in an interview, Kuttner said that the wild swings in the dollar's value since 1971 have had a "devastating" impact on other countries, particularly in the Third World, because prices for most commodities in world markets are in U.S. dollars. Kuttner blames the Reagan administration's laissez-faire policies for economic problems around the globe. He says that Reagan's top tax cuts and domestic deregulation during the 1980s led to record federal budget deficits and huge annual trade deficits. The massive borrowing required to cover these deficits put upward pressure on

Business Notes

UP IN SMOKE

A 20.3-per-cent jump in the price of cigarettes helped boost the annual inflation rate to 3.4% in 6.3 percent from 3.2 percent in February. The price increase followed from the Feb. 26 bid for, which imposed an extra three-cent tax on each cigarette. Statistics Canada said that the price of oil after items surveyed declined by an average of 0.1 per cent.

FUTING LOW

As Canada's stock lost \$74 million in 1990, investors paid to cut 400 of its \$2,300 million (most of it, including 10% of its 23 non-permanent). The cuts, which the Montreal-based index hopes to replace through early re-negotiations and average pickup, came after 2,900 layoffs announced last October. The airline now has about 21,600 employees.

WHO BLAMES WHAT

The Ontario Securities Commission said that it is dealing proposals that would require the top executives of publicly traded companies to reveal how much they earn each year in cash, bonuses and stock options. Until now, such information has been available only for those Canadian executives whose companies are listed on U.S. stock exchanges where disclosure standards are more stringent.

CROSS TALK AT THE CRTC

The Canadian Radio-television and Telecommunications Commission opened formal hearings in that, too, into the application by Toronto-based Uovitel Communications Inc. to compete in the \$7-billion-a-year long-distance market. Montreal-based Bell Canada and some other groups are opposing the bid. The hearings are expected to last about three months, and the CRTC is expected to announce its decision in 1993.

MARWELL GOES PUBLIC

Robert Marwell, the British publisher who bought the ailing New York Daily News in March, and then he will sell about half of his family-owned Mirror Group Newspapers to the public and use the \$1 billion in expected proceeds to pay off part of his publishing company's estimated \$1.9 billion debt.

REPAIRING THE BARRENS

For the first time, the Dow Jones Industrial Average ended a trading day above 3000. On April 27, the index closed at 3004.45, before ending the week at 2964.11. The Dow index closed the week at 2900.87, compared to a record close of 4112.88 on Aug. 13, 1927.

A banking collapse

Ottawa closes a once-proud trust company

A few minutes before 10 a.m. on April 18, a determined stream of federal accountants and regulators left their offices in downtown Toronto. Their destination was the large Street Level office of Standard Trust Ltd., the country's sixth-largest trust company, three blocks away. After mulling the falling health of Standard for nine months, Michael Maclean, the federal government's superintendent of financial institutions, had decided to shut down the company to avoid jeopardizing the security of the \$1.5 billion in deposits in 148,000 accounts. Arriving unannounced, the regulators and their assistants declared that they had orders from Maclean in Ottawa to close the company's assets. They also demanded that Standard immediately close all 35 branches across Canada. Said Nancy Mearns, an Ottawa-based director of communications for the federal regulatory agency: "This was the result of a long-term process. You don't take control of a company's assets lightly or with any grace."

Last week's decisive action by Maclean and his officials marked the first time that Ottawa has closed a large financial institution. The first time that Ottawa has closed a large financial institution was in 1985. It was also the last in a series of embarrassing setbacks for Standard's principal shareholders, Toronto-based Roman Corp., a financially troubled holding company. Earlier in the week, the Ontario Securities Commission charged Roman's chairman, Helen Ruzsac-Roman, and 10 other members of Standard's board of directors with failing to make public the extent of the trust company's financial difficulties. The risk also was compounded after the company's "cautious" public statement last July by undermining the payment of a 25-cent-per-share dividend to shareholders. Nearly half of the \$1.5 billion paid out in dividends went to Roman Corp., which has been trying to raise money steadily in order to make good on its debt. In the first nine months of 1990, Standard lost \$97.3 million.

Standard has been the subject of intense scrutiny by shareholders and regulators since July because of concerns that it was carrying too



Kear: 'nothing is dead until the paperwork is done'

many nonperforming real estate loans. But last week, it seemed likely that the 27-year-old trust company—founded in 1963 by ancient money manager Stephen Brown, known as the "father" of the company—would avoid a full-scale collapse. In January, the company named a new president and chief executive officer, Jim Kear, and announced that it was looking for a potential buyer. The search concluded on April 8 when Montreal-based Laurentian Bank of Canada agreed to acquire Standard's healthy assets—including its branch network and its \$250 million portfolio of healthy loans. Standard Trust would have retained the \$350 million in nonperforming loans.

Standard's relief was short-lived. Just eight days after it announced the Laurentian deal, a group of 25 creditors who are owed a total of \$190 million by the firm's parent company, Standard Trustco Ltd., objected to the proposed sale. Led by Caisse Centrale Desjardins, the Bank of Tokyo-Mitsubishi and Swiss Bank

Corp. (Canada), the creditors filed a petition for insolvency and asked that the court appoint a receiver to operate Standard Trustco. They announced that the Laurentians offer would have stripped the struggling trust company of its long-standing healthy assets, making it virtually impossible for the creditors to recover anything on their loans.

For his part, Kear told Maclean's that he was "absolutely appalled" by the creditors' demands. He said that he had just with them at least once a week during the past three months and that his loans "were as healthy as they can be when you own \$250 million." He added that the creditors had access to all the documents relevant to the proposed Laurentian deal. Dejected Kear: "They never once indicated that they were a part of the transaction. I warned them that the insolvency route was complex, slow and inappropriate." Indeed, Kear said that he was prepared to call on the regulators himself in order to prevent a run on deposits. "Once you see the bankruptcy word," he said, "there is a lack of blood that doesn't let them wait their money back."

John Evans, chief executive of the Ottawa-based Trust Companies Association of Canada, also criticized the "disruptive" approach taken by Standard's creditors. But he added that Canadian investors and depositors should be heartened by the government's decision to intervene. Said Evans: "This should restore confidence for the public because it indicates that the regulators are there and are willing to get to the last mile to resolve these situations."

At weeks' end, federal regulators are deciding to protect what Standard's branches would reopen to the public. They will also try to ensure that money remains in the company's boxes at branches across Canada to take stock of the company's cash and assets. For now, Standard's 127,000 active customers will be able to withdraw money from their accounts. Customers who require attention will be able to pay bills or other bills by check. But the company's depositors will be advised to call the Canada Deposit Insurance Corp., a federal agency that insures deposits to a limit of \$60,000 for all regular accounts at the same institution. Said Murphy: "A lot of depositors have called our office. They're not angry or frightened—they just want to know what they should do."

For his part, Kear says that he is trying to stay in touch with the firm's employees as they attempt to maintain their morale. He added that he is continuing to discuss the possibility of a takeover by Laurentian. "It is the best deal on the table for everyone. And it is the best deal until the paperwork is done," he said. And last week, however, the once-proud trust company was displaying few vital signs.

DEBORAH MCINTYRE

BUSINESS WATCH



The perils of starving the military

BY PETER C. NEWMAN

There has always been an uncertain note that clouds control of the military in Canada: must be superior and that no matter how trivial or serious a threat, it should be the politicians, not the soldiers and generals, who decide what, if anything, we do about it. That's precisely how democratic society operates, but there's a less comfortable country in the proposition: for politicians to properly exercise that responsibility, they must at least pretend to know what they're doing.

More than throwing casually inadequate funds at defence department planners and then expecting them somehow to make their way through it no longer goes enough. Canadian participation in the Gulf War—and the army's exemplary conduct at and around Oslo last summer—proved two things: that even if most of their equipment is a joke, Canada's armed forces are capable of men and women who have earned our trust and gratitude. It also proved that even if we put away with pragmatically balancing together a last-minute response to an unexpected situation some mere time, this country does not intend to let its troops defend policy.

Defence has spent in a long time since Pierre Trudeau's 1987 white paper was announced by Michael Wilson's 1989 budget. The Gulf War demonstrated, once and for all, that Canada's military presence during the past half-century, based as it was on the Soviet threat, is totally out of date. The Cold War was irrelevant as the Crusades, yet Canadians continue to defend European territory that is no longer threatened.

No matter what sort of protesting that we have as soldiers, navy, army and air force, or within a military policy that we live in crisis, a stable, independent nation, capable of equipping the basic elements of its sovereignty. Like it or not, there are some mundane lessons of national defence that require the military state to command effective fighting forces, even if it's for internal positioning, which

The Cold War is as irrelevant as the Crusades, yet Canada continues to defend European territory that is no longer threatened

Canadian learned last summer is no longer a hypothetical possibility. According to recent figures, Canada ranks 30th among 132 of the world's nations in terms of the proportion of its gross domestic product devoted to defence. That puts us well behind such awesome players on the world stage as Russia, France, the U.S. and the U.S.S.R. With something like 64 per cent of our population in either the regular or reserve forces," points out Alex Morrison, executive director of the Canadian Institute of Strategic Studies, "we're the equal of Costa Rica, which by all the accepted definitions has no army at all. The strength of Canada's armed forces and our foreign-intel budget are on such lowly tolerable levels. If our leaders refuse to allocate the necessary resources, others will do the job for us, but in circumstances more than ours—and at the cost of our sovereignty and independence."

The army, which reached its lowest previous troop level of 22,000 in 1975, will be down to a dozen patrol frigates plus four destroyers built after the 1970s. Five of its destroyers are presently sold to other forces they can be considered for spare parts although they're

still counted as part of our active NATO contribution. The only aircraft that would be the purchase of a dozen or so relatively non-sensitive coastal patrol vessels (also useful for counterterrorism) that would be needed by the cost-effective assets remain. They would provide the country with protection against drug runners, illegal immigrants, polluters, foreign fishermen straying past their limits, or anyone else violating our coastline, which, incidentally, is the world's longest.

The army badly needs replacements for its Leopard tanks, night observation devices and modernized vehicles, the air force has lost everything but its Hercules transport plane orders cancelled. With the planned purchase of the Polaris and nuclear-powered submarines cancelled, our grand claims to Arctic sovereignty are already hollow. Defence Minister Bill MacKinnon was correct when he announced that from now on "defending Canada's Arctic waters will have to be left to the United States and Britain." As if to underline the point, the Americans sent their coast-guard cutter, Polar Star, through the Northwest Passage last September—and Ottawa didn't dare utter a peep.

The most realistic option for freeing funds that might allow us to field any kind of semi-effective home defence is to begin immediately withdrawing our air and land forces in Europe. Even before the Gorbachev disarmament initiative, the Canadian presence was the equal of France's Marguerite Line—an obsolete concept celebrating a bygone era. Even when the Cold War was still a vague possibility, Canada's overstuffed large at its base in Lahr, Germany, was so poorly equipped it had been ordered to provide its own food. It was the 7th Canadian Army and the Canadian 2nd Corps. Without even C-130s, which we can't afford, some of our air element will soon have to be repatriated by plane.

The 15,000 Canadians who have been helping fight the Gulf War in Saudi Arabia and Bosnia for the last generation have run out of money to perform. Just being there was good enough: when NATO's European partners could not guarantee that they would not be left alone before the Soviet threat, and thousands of them in the physical presence of Canada and Americans in their own. That's no longer the case. In Europe, the Americans are busy doing 32 installations and are considering troop reductions by as much as 200,000, from the current level of 290,000.

There is no Canadian politician who can guarantee that Canada's military will be able to protect the most of the arm and women paid to protect this country will remain so. "We attack it down," says the third job in military services across the country, with some straight men inevitably saying, "Why dare."

"The way," runs the automatic reply, "if they don't work out, we haven't wasted the whole day."

Canada must either replace its commitments or abandon them. In terms of the North Atlantic Treaty Organization, it's time to move on towards military positions suitable for the 1990s, instead of the 1950s.

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Heads will turn. Though you may not notice. For you'll be falling in love all over again with the carefully appointed interior.

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metre powertrain/major components warranty, plus the comfort of knowing you'll probably never have to use it. The Tercel also promises a re-sale value among the highest in its class.

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The promise of something better.

*1991 MSRP. Dealer shown. **Based on 1991 MSRP for 1.0L 5-speed. Price subject to change. Price includes Licence, Taxes, Freight and PDI. Dealer may sell for less. [†]Based on Transport Canada test methods for the 1.0L 5-speed. 5-speed equipped with 1.3 litre engine and 5M transmission. Consult Transport Canada 1991 Fuel Consumption Guide.

SHOPPING BINGE

THE CROSS-BORDER SPENDING SPREE HAS BECOME A CRISIS

For Douglas and Laurie Sirois, who run a bed-and-breakfast operation at their house in Saint John, N.B., the savings are too big to pass up. The Siroises have four children under the age of 4, including a nine-month-old twins, and their business is seasonal. As a result, the budget-conscious couple and their children drive 300 km west to Colton, Me., once a month. There, they buy enough dairy and poultry products to last until the next shopping excursion. Laurie Sirois said that she saves about \$900 a year buying most of the family's milk in the United States. Her husband added that on their last trip they paid the equivalent of \$165 in Canadian funds, including taxes and duties, for a set of curtains that would have cost \$350 in Saint John. But Laurie Sirois: "Canadian prices are so high that we have to shop in the United States to survive." For similar reasons, thousands of Canadians every day make trips to the United States in search of less expensive consumer goods. Because of that, Canadian retailers say that the growing cross-border shopping binge has become a crisis that will cost them over \$2 billion in lost sales this year alone.

Although Canadian retail sales exceed \$190 billion a year, merchants, shop-

Her outfit cost \$216.55 in Ontario, \$167.75 in New York state (\$208.45 if Canadian duty and border taxes were added). Her shoes cost \$148.25 in Ontario, \$53.65 in New York (\$107.50), GT bicycle: \$694.85 in Ontario, \$362.99 in New York (\$429.02). Prices in Canadian dollars, including retail taxes.

**Total in Ontario: \$871.79
Total in New York: \$624.60**

**Total in Ontario: \$871.79
Total in New York: \$624.60**



His outfit cost \$420.33 in Ontario, \$343.64 in New York state (\$477.87 if Canadian duty and taxes were added). Canon W-450 camcorder cost \$1,955 in Ontario, \$1,876.60 in New York (\$3,007.04 if GST added when imported). Prices in Canadian dollars.

Total in Ontario: \$2,375.32; in New York \$2,220.24

ping-pong operators and municipal politicians say that they are alarmed by the dramatic increase in cross-border shopping during the past two years. In 1996, Canadians made \$4 billion automobile trips of 24 hours or less to shop in the United States, a 20-per-cent increase from a year earlier. Retail industry analysts and economists say that because duties on imported goods are gradually disappearing under the terms of the Canada-U.S. Free Trade Agreement, which took effect at the beginning of 1989, and because of the relatively high value of the Canadian dollar, Canadian consumers can save significant amounts of money by shopping across the border.

Backpacking: As well, some Canadian consumers say that they shop in the United States to avoid paying the Goods and Services Tax. Some take advantage of federally legislated tourist exemptions that allow returning travellers to bring back a specified amount of merchandise depending on how long they have been out of the country. Others avoid the tax by not declaring their purchases. Scot Barham Schultz, who owns a small Toronto temporary-employment agency, "I have not bought one item of clothing or one pair of shoes up here since the GST came in. I refuse to." Provincial laws that prohibit most merchants in Ontario and all four Atlantic provinces from opening their stores on Sundays are also driving Canadians across the border to shop (page 46).

Merchants in Canadian communities close to the border say that the stream of across-the-border shoppers has strained advertising sales, job security—and bookstores. The problem has also led to increasingly aggroed pleas for government action. National Revenue Minister John Ichniuk told *Maclean's* that the federal government plans to hold discussions with retailers, border-community groups and labor groups. As well, Ottawa is planning several initiatives, including a campaign that will stress the economic problems created by cross-border shopping.

As for long-term solutions, Ichniuk said that Canadian retailers must become more competitive. He conceded that they may have difficulty lowering their costs because of high municipal taxes and the high levels of provincial and federal taxes that pay for Canada's social programs. However, Toronto-based retail analyst John Welter said that prices are higher in Canada because wholesalers and distributors charge Canadian retailers more than they do American equivalents. Welter added that in the past, Canadian retailers accepted higher prices. Now, he said, consumers are expressing their opposition by crossing the border to shop.

Gamble: Meanwhile, most Canadian consumers say that they are delighted with the savings available on products ranging from beer to television sets. Among the items that Canadian shoppers regularly note as being far cheaper in the United States than in Canada: gasoline, auto, radio, cheese and other grocery items, electronics and clothes (page 40). Usually, a 12-pack of Canada-born Labatt's Blue costs \$15.26 in Vancouver, while 12 cans of the same beer—imported from Canada—costs \$6.99 (Can.) in Blaine, Wash. A pair of OakShox athletic shoes costs \$44 in downtown Toronto. The same item sells for \$25 (Can.) in Niagara Falls, N.Y.

Goods purchased in the United States can avoid up being more expensive once duty and GST are paid. Typically, a man's sports jacket purchased in New York state might cost the equivalent of \$294.68 (Can.) with state tax included. If duty and GST are paid at the border, \$152.96 would be added to the cost. The same jacket could be bought in Toronto for \$532.30, including GST and provincial sales tax. But, many Canadians manage to bring goods duty-free under the legal exemptions, or gamble that they will not be stopped and forced to provide an account to customs officials.

For many American border communities, the influx of Canadian shoppers has helped to soften the impact of the current economic recession. "We are doing far better than we had ever expected," said

SMALLER DUTIES AND A HIGH DOLLAR CREATE SAVINGS ON AMERICAN GOODS

Thomas MacDonnell, general manager of Bob's Department Store in Calumet, Ill. "Consumers want the big dollar items like televisions sets, air conditioners and lawn mowers." Added Michael Bressan, executive vice-president of the Whistler County Chamber of Commerce in northwestern Washington state: "This region has been well protected by cross-border shoppers from any kind of recessionary problem."

light schedule that includes stops at three shopping malls and four large specialty stores over the three days.

Bonus: The growing flock of Canadian shoppers who prefer to shop American has led to traffic jams and long waiting delays at border crossings. Do Saturdays and Sundays, the parking lot of the Factory Outlet Mall in Niagara Falls, N.Y., popular with shoppers from

on the goods he brings back, he can usually use the same amount of money by going up the ferry car in the United States. Said Lee: "If the average family spends \$500 a month on food, they can get it for \$375 down there, in Canadian funds. Factoring in the exchange and duty fee."

At the country's busiest border crossings, shoppers have begun to create unprecedented lineups of vehicles. Last week, Michael Leggett, national president of the \$1,400-a-car Custom Keweenaw Union, said that the federal government should hire another 1,000 customs officers to deal with the growing work load. John Johnston, Canada Customs district manager at Niagara Falls, Ont., said that on Satur-

day even more Canadians. Carolyn Anderson, marketing director at the Champlain Centre in Plattsburgh, N.Y., 160 km south of Montreal, said that the mall gets big crowds in French and English and has three bilingual employees to staff an advice center booth.

Aggressive marketing has also benefited the business community in Grand Forks, N.D., a city of 56,000 that is 125 km south of the Manitoba border. Manitoba government officials estimate that Manitobans spend \$300 million to \$400 million annually in the city. David Kulkoff, executive director of the Greater Grand Forks Convention and Visitors Bureau, added that surveys conducted by the bureau show that up to 70 per cent of the city's out-of-town shoppers come from Manitoba.

Express: In an effort to relieve congestion at border crossings, Revenue Canada has announced plans to launch an experimental program involving express lanes on May 1 at the Boundary Border crossing, 45 km south of Vancouver on the B.C.-Washington state border. Under the program, 26,000 B.C. residents will be able to buy a \$10 windshield decal that will allow them to cross the border using a special express lane. Motorists will be asked to indicate the value of goods purchased in the United States on a computer card and the CRT and duty will be charged to a designated credit card.

The dramatic increase in cross-border shopping has led provincial chambers of commerce in Manitoba and New Brunswick to set up task forces to study the problem. As well, a 15-member committee made up of Ontario



Loading up at Price Warehouse, Detroit's competitive

border-community majors is pressing both the provincial and federal governments to take steps to protect Canadian border area retailers. And a 12-member Ontario legislative committee has been meeting retailers,

BARNEY JENSEN with **ANN DEMAY** in **Halifax**; **MARIA JENNETT** in **Salt Lake**; **BARRY CAMS** in **Montreal**; **JAMES DEACON** in **Toronto**; **MAUREEN BROGMAN** in **Winnipeg**; and **RAUL QUINN** in **Vancouver**



Lineups between Washington state and British Columbia dwarfing sales and job losses in Canadian border towns

And the cross-border shopping frenzy shows no signs of abating. According to Statistics Canada, during the first two months of 1991, the number of day trips by car to the United States increased by 21 per cent over January and February, 1990. In February alone, almost two million Canadians crossed the border for trips of less than 24 hours, up 27.3 per cent from 3.1 million in February, 1990.

Some entrepreneurial Canadians have found ways to profit from the trend. Once or twice a month, between May and November, Toronto travel agent Stanley Cameron sells a three-day "shop till you drop" tour, which includes bus transportation to Buffalo, N.Y., and two nights' hotel accommodations with breakfast included for \$189. Cameron said that she organizes a

southern Ontario, is jammed with Canadians. Local residents say the mall parking lot is often jammed with stores, pots and other garbages imported by Canadians who wear their car decals in the hope of escaping duties and taxes at the border.

Other Canadians who shop regularly in the United States say that they benefit financially even after taking into account the exchange rate and after paying provincial sales tax, GST and duties at the border. Wayne Loe, a 26-year-old manager of a portable-oven company and father of two from North Vancouver, B.C., said that he and his wife, Patricia, regularly drive 65 km south to Burlington, Wash., to buy all their milk and dairy products because they are cheaper. He added that if he pays \$10 duty

on Saturday and Sunday afternoons, visitors can count on waiting up to two hours before reaching the Canadian side of the Wharfedale, Banff and Quebec bridges.

Protest: As well, traffic jams occur regularly on weekends at the Selkirk International Bridge, which crosses the St. Lawrence River between Cornwall, Ont., and Massena, N.Y. Angry Mohawk Indians on the nearby Akwesasne reserve threatened to block the bridge last week to protest the disruption of their lives. But they agreed to call off their protest after a meeting with federal officials from several departments who promised to try to resolve the problem.

Meanwhile, U.S. retailers have begun to develop marketing campaigns aimed at attract-

THE HIGH COST OF PAYING DUTY

When the Free Trade Agreement between Canada and the United States took effect on Jan. 1, 1989, it immediately increased the list of American-made goods that could be brought into Canada duty-free. At the same time, the FTA established a timetable under which customs duties on all other goods—some of them as high as 35 per cent of an item's value—will be progressively phased out at annual intervals by Jan. 1, 1996.

For now, Ottawa still imposes duties on more than 75 per cent of all U.S. goods, according to Dennis Smith, a Toronto-based spokesman for the American Trade Association, which lobbies on behalf of Canadian consumers. The list of American-made goods on which Canadians do not have to pay duty includes computers, microchips, hi-fi, ice skates and roller skates, motorcycles, gas stoves and telephones, as well as a wide range of

raw materials and agricultural goods. Typewriters, books and computer disc players, no matter what their country of origin, also can be imported into Canada duty-free. But Smith added that the seven per cent CRT will still be added to the duty, in Canadian currency, of items that are subject to that tax. C-merchandise and such duty will be applied to such imports as liquor, tobacco and jewelry.

Duties on other goods listed between the United States and Canada, including paper and paper products, furniture, steel machinery, plywood and chemicals, are being phased out and will disappear after Jan. 1, 1993. By Jan. 1, 1996, both countries will remove all remaining customs duties, which will affect U.S.-made clothing, appliances, hand luggage, cosmetics, toys and most other consumer goods. Customs duties on U.S.-made alcohol, beer and cigarettes will not fully disappear until 1996. Until then, they are being phased out by the same amounts each year. Smith said that American-made cotton shirts—which are at least 50 per cent cheaper in the United States—are a popular

item among Canadian shoppers in the United States. Since the FTA, Canada's duty on bed linen has dropped to 35.7 per cent from just over 20.2 per cent in 1989.

Under the current import exemption, in addition to exporting duty-free from Canada who spend at least one day and one night in the country are allowed to import liquor and duty—once every calendar year—up to \$300 worth of goods outright subject to duty. As well, after at least 48 hours away from home for more than a year, a traveller is entitled to bring back \$300 worth of duty-free goods. But with the increasing volume of cross-border traffic, officials have less time to question returning Canadians. During those peak times, according to Smith, border officials use their discretion about charging duty, particularly on small amounts. "When the time comes, it takes to collect a couple of dollars is not worth the effort."

NORA UNDERWOOD

A BASKET OF BORDER BUYS

Last month, nearly four million Canadians visited the United States by car for less than 24 hours. Most of them made the trip just to shop. Many say that they won't do it if the high cost of living in Canada. Last week, Maclean's journalists in four parts of the country talked to Canadians who shop in the United States and compared prices for a range of goods on both sides of the border. Their reports:

Cynthia Steranka, a 29-year-old Winnipeg secretary, says that until last year she had never made a visit to the United States just to shop. Now, she says she is a convert. "It's cheaper and the variety is much greater than I could get, even in Winnipeg," she said. Three weeks ago, Steranka, her sister and mother drove from her mother's Yorkton, Sask., home to Minot, N.D., to shop. Steranka brought back \$243 worth of goods and paid \$17 in duty. Her purchases included two brassieres for \$15 each and a food processor for \$35—saving her about \$50 on these items alone. Steranka said that she does not feel guilty about shopping in the United States. She added: "Prices are going up, taxes are going up and if I have to go a little bit out of my way to combine a little holiday with shopping, why not?"

MANITOTA NORTH DAKOTA

REGULAR UNLEADED GASOLINE (1 litre)	
48.94	20¢
CARTON OF 200 CIGARETTES	
\$42.31	\$19.22
BACARDI RUM (60 ounces)	
\$37.80	\$12.40
SANYO 25-INCH TV	
\$594.99	\$436.46
WOMEN'S CASUAL CANVAS SHOES	
\$17.09	\$5.03
10-CUP COFFEE MAKER	
\$33.05	\$19.62
LATEX PAINT (1 gallon)	
\$19.35	\$6.33
BUTTER (1 lb.)	
\$2.39	\$1.29
PACKAGE CREAM CHEESE	
\$2.30	\$1.04

ONTARIO NEW YORK STATE

REGULAR UNLEADED GASOLINE (1 litre)	
\$2.94	31¢
CARTON OF 200 CIGARETTES	
\$40.81	\$22.21
JOHNNY WALKER RED LABEL SCOTCH (40 ounces)	
\$32.15	\$21.39
SONY 8 MM VIDEO CAMERA	
\$1,264.95	\$1,325.35
MEN'S SPERRY TOPSIDER DECK SHOES	
\$103.38	\$98.12
CISHKOSH INFANTS' DENIM OVERALLS	
\$36.38	\$20.12
TWO-PERCENT MILK (4 litres/1 gallon)	
\$4.49	\$2.32
4 AA ENERGIZER BATTERIES	
\$5.73	\$2.34
PRESIDENTS CHOICE CHOCOLATE CHIP COOKIES	
\$3.49	\$2.94

With more than 85 stores, the Factory Outlet Mall in Niagara Falls, N.Y., sprawls over 400,000 square feet and has parking for 1,906 vehicles. Almost every Saturday, the parking area is jammed with cars, more than half of them bearing Ontario license plates. A few times each year, Pamela Conham, a secretary who lives in Scarborough, Ont., makes weekend shopping trips to the United States. On a visit to the Factory Outlet Mall two weeks ago, Conham bought shoes and a matching handbag for \$33 and some OshKosh pants and tops for her grandchildren. "We really enjoy ourselves," said Conham. "It's a nice weekend getaway. And there are some good buys."

Prices for both Canada and U.S. goods listed above are expressed in Canadian dollars at \$2.17 exchange and include GST and applicable provincial sales taxes. The prices of American wines, soft drinks, appliances and alcohol, include the Canadian duty and taxes payable if declared at the border. Comparisons are of retail or very similar products. Because Canada uses metric measurements and the United States uses its own system of weights and measures, comparisons are made between the closest equivalents in use.

Four times a year, Aileen Moore, 35, a supply teacher from Saint John, N.B., and two or three friends make the 3½-hour drive south to Bangor, Me., for a weekend shopping trip. Two weeks ago, Moore bought a Chinese wok that costs \$60 in Saint John for \$27. She also purchased a set of sheets for \$23 that cost \$140 in Canada. On her next trip, she says that she may buy a compact-disc player that costs \$499 in Saint John but sells for half as much in Bangor. "I wouldn't even look at a small appliance up here," said Moore. "The government is just making it easier to go across the border." And, Moore added, she intends to continue shopping in Maine. "Patriotism is fine," she said, "but people aren't going to spend more than they have to, especially in tough times."

NEW BRUNSWICK MAINE

REGULAR UNLEADED GASOLINE (1 litre)	
\$2.81	34.3¢
CARTON OF 200 CIGARETTES	
\$44.42	\$16.76
JOHNNY WALKER RED LABEL SCOTCH (40 ounces)	
\$33.45	\$23.79
COMPACT DISC PLAYER	
\$335.95	\$154.40
KENMORE CHEMICAL COOK MICROWAVE OVEN	
\$349.99	\$242.10
WOMAN'S UNWEAIDED COAT	
\$182.25	\$74.53
FRESH CHICKEN (1 lb.)	
\$2	74¢
TWO-PERCENT MILK (4 litres/1 gallon)	
\$3.03	\$2.44
MEDIUM CHEDDAR CHEESE (per pound)	
\$4.30	\$2.88

BRITISH COLUMBIA WASHINGTON STATE

REGULAR UNLEADED GASOLINE (1 litre)	
\$4.94	34¢
CARTON OF 200 CIGARETTES	
\$62	\$27.58
CHAMAS REGAL SCOTCH (40 ounces)	
\$29.95	\$27.40
SONY COMPACT DISC PLAYER	
\$598.45	\$473.20
SONY TRINITON 26-INCH TELEVISION	
\$1,129.95	\$1,159.12
OISHKOSH GIRLS' OVERALLS	
\$34.23	\$21.84
HOMOGENIZED MILK (4 litres/1 gallon)	
\$2.59	\$2.33
FRESH TURKEY (per pound)	
\$1.99	\$1.09
MEDIUM CHEDDAR CHEESE (per pound)	
\$4.50	\$2.96

Norma Wirth, a 39-year-old mother of three, shops in Washington state every month. Wirth usually shops in Blaine, Wash., 30 km south of her home in Surrey, B.C., with her husband, Stanley, 47, a project supervisor for an engineering firm. The Wirths make the 20-minute drive to the border at about 7 p.m. to avoid lines there. Said Norma Wirth: "We usually buy a gallon of milk and maybe some cheese. The orange juice is better and cheaper." But, like many of their friends and neighbors, the Wirths primarily travel across the border for gasoline. "The gasoline is about half the price, so it's a real saving," said Norma Wirth. "I rarely fill up at home. I'll just put in \$10 worth, because I know we'll soon go south and fill up."

A stunning beauty ... The 1991 Cutlass Supreme is the ideal combination of style and technology, of beauty and brains. This reflects the Oldsmobile commitment to relevant technology. With Cutlass, applied innovation clearly has the driver in mind.

Standard features include computerized engine management. A system within the engine which regulates all operations for superior engine performance and efficiency. As a result, engine diagnostics reach new heights of dependability, with cold start capability as low as -28°C . All 1991 Cutlass Supreme models incorporate sophisticated acoustic design which reduces wind, engine and road noise.

The International Series introduces the driver to a new standard of convenience. For example, optional Heads Up Display. An electronic hologram which projects speed, signal indication and other data directly onto the windshield. For the driver it means active safety. Finally, driver comfort has been enhanced. The power articulating seat has adjustable power headrests, as well as lumbar, back and side bolsters.

The Cutlass Supreme captures the Oldsmobile approach to technology. Engineer every feature to be relevant to both driver and passenger.

The Oldsmobile Cutlass Supreme – Add brains to such stylish beauty, and the result is a knockout.

 **Cutlass Supreme**
The New Generation of Oldsmobile

A technical knockout.



1991 Oldsmobile Cutlass Supreme International Series



Shopping at The Gap in Toronto: even if they reduce their debts, baby boomers may never spend with such abandon again

SURVIVING THE STAMPEDE

RETAILERS FACE THEIR TOUGHEST DECADE EVER

When Lynn Poskus became president of Fairweather in September, 1989, she took over a 130-store womenwear chain that she says was badly out of touch with its intended customers. In its heyday during the early 1970s, Fairweather, a division of Toronto-based Dyles Ltd., catered to baby boomers who were then in their teens. But as that generation grew up, Fairweather kept its focus on the dwindling teen market. "The stores were tacky," said Poskus, 32. "I didn't want to shop there." One of her first steps was to conduct so-called psychographic studies, which enticed demographic by looking at the psychological profile of potential customers as well as

such standard data as age and income. Poskus used that information to introduce sweeping changes. Fairweather stores began selling lingerie, the fastest-growing segment of the North American womenwear market. Poskus also experimented with sales promotions by offering, in one case, to sell a \$45 tote bag for \$30 with each \$75 purchase of other merchandise. Said Poskus: "I believed that if from the comfort of my couch, someone has sales he always do with. Hey, I'll get help wherever I can."

Increase: Poskus' approach appears to be working. The Fairweather chain reported a nine-per-cent increase in sales over 1989. Indeed, analysts say that Poskus has taken much

of the action that other Canadian retailers must emulate in order to survive what is shaping up to be a difficult decade. The year-end recession and the introduction of the seven-per-cent Goods and Services Tax on Jan. 1 have shaken consumer confidence and have driven many Canadians to shop in the United States. The tough economic climate arrived at a time when other changes, including a rapid increase in the number of retail outlets in Canada, were already exerting pressure on retailers' profits. Many shoppers are spending less in Canada either because they have found American alternatives, run out of money—or run out of things to buy. Retailers say that the slowdown is most noticeable among the baby boomers,

who provided the engine that drove the conspicuous consumption frenzy of the 1980s. Said Leonard Kahan, a Toronto retail marketing consultant: "We are seeing a fundamental restructuring of the retail marketplace."

Still, many Canadian retailers say that their most visible problem is the U.S. competitor. And, increasingly, that competition is coming from within Canada's own borders.

A growing number of U.S. businesses, from the Phoenix, NJ-based Toys "R" Us chain to the San Francisco-based The Gap clothing stores, have set up shop in recent years in Canada. Analysts say that the size and competitiveness of the U.S. market gives any retailer who thrives there a major edge in Canada. Said Arnold McElchtein, president of the Retail Council of Canada: "Canadian retailers are looking at a whole new level of competition. The Americans coming to Canada are among the best merchants in the world."

Shrinker: Canadian stores face other challenges as well. The recession and the introduction of the GST combined to make last winter one of the worst in recent decades for retailers. Statistics Canada reported that sales at supermarkets, clothing stores and other retail outlets tumbled to \$14.7 billion in January, down from \$15.9 billion in December—a 7.6-per-cent drop. That was much steeper than the usual post-Christmas decline in sales and the largest monthly drop since 1972, when the federal agency began to keep track of retail sales. Then, in February, department-store sales also fell by more than one per cent to \$150 million from \$173 million in January. "The first quarter is always bad, but this is not bad. This is a disaster," said John Watne, president of John Waner Associates Ltd., a Toronto-based retail consulting firm.

Other fundamental changes have continued to hamper retailers. Throughout the lengthy years of the 1980s, developers built stores and malls at a record pace. There are now 50 per cent more retail outlets in Canada than there were during the last recession in 1981 and 1982. Indeed, at least one retail manager says that the Toronto area is the most oversaturated retail market in North America. John St. Onge, vice president and general manager of Royal Service (Canada) Ltd., a subsidiary of Canada, Mid-Range Stores Co., and that the Toronto area has 15 square feet of regional mall space per capita, while other major centers have about 10 square feet per person.

But with more stores there are fewer shoppers. Analysts agree, in an assessment compiled with Toronto-based Bazaar By Ltd., that the ratio of Canadian consumers' average total debt to income is now more than 70 per cent. That is the highest rate ever. Even during the last recession, the ratio of consumer debt to income was just over 50 per cent. Joyce said that consumers cannot lead an economic recovery until they have reduced their debts and interest payments and started to save again. She added: "If we don't get the cleansing of debt, the economy will continue to keep afloat."

Other analysts say that even if baby boomers reduce their debt, they may not spend as freely as before. That is because their median

income is still lower than it was in the 1970s. The median income for a family of four in 1989 was \$24,000, down from \$26,000 in 1980. The median income for a family of four in 1970 was \$18,000.

Some smaller retailers have also been able to compete successfully. Their owners say that the keys to surviving are specialization and attention to service. In April, Rita Kowalski celebrated the second anniversary of Tropicana-Kids, a store that specializes in science kits, educational toys and nature books. The 30-year-old Vancouver entrepreneur said that cross-border shopping has had almost no effect on Tropicana-Kids, even though it is located in White Rock, B.C., just 30 km north of the Washington state-British Columbia border. She added: "We are a specialty store, and there is not a similar store immediately south of the border. We actually have people coming up from northern Washington to shop here." She acknowledged that the store has lost sales, but added: "This really has to be held up your chin and give your customers good service. If you don't follow those criteria, you will probably go under regardless of where you are."

Ultimately, American competition may be an incentive to cause Canadian retailers to increase their competitiveness. For his part, Michael Pearce, who teaches retailing and consumer marketing at the University of Western Ontario in London, said that cross-border shopping is only one symptom of what is wrong with Canadian industry. "If we all said that the factory mall across the border was coming up our nostrils, we would all crawl the post," he said. "People are coming to grips with the fact that they have spent too much for too long."

That retail council's McElchtein agrees that Canadian retailers will continue to be heating. Said McElchtein: "The real underlying problem is a combination of too much space chasing too little disposable income. As well, the retail sector is in a high auctioneer to be in the United States." Clearly, Canadian consumers are most competitive, regardless of the store owner's nationality.

Barbara Wickens with **Mac Gowan** in **Victoria**

Toronto who computer tracking of customers' buying codes showed that they had been in the Buffalo, N.Y., store had Canadian point codes. He added that follow-up focus groups confirmed that there was a market for Talbots classic New England styles in Toronto.

Burnham: Still, Canadian retailers like Poskus say that they are determined to be ahead of the recession. In addition to trying to attract older, more affluent customers, she has introduced cost-control measures like computerized inventory tracking. Indeed, her brother, Wilfred Poskus, Dyles' chairman, told McElchtein that he would be introducing a new line of clothing in 1990 to try to pull the rest of the store in the Dyles fold out of the doldrums by 1990-1993. Dyles is one of Canada's largest retail chains, with more than 1,500 stores ranging from the B.Y. budget stores to the upscale luxury brand-name stores. Said Wilfred Poskus: "I'm proud of my way. What we learned is valuable."

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BARBARA WICKENS with **MAC GOWAN** in **Victoria**

A DAY OF UNREST

SUNDAY CLOSING ENCOURAGES THE EXODUS

Paul Magler went to court against long odds one day in 1981. Now, 15 years later, he has lost 90% of his life and his resources have been barely depleted. Still, he refuses to quit fighting this for the controversial Ontario law that prohibits most Sunday shopping. To the 54-year-old Magler, Ontario's Retail Business Holidays Act is an infringement on his right to work, which, he says, is why he has persistently disobeyed it by opening his fur store in downtown Toronto every Sunday since 1985. For his persistence, Magler has paid \$400,000 in fines and legal fees and an unpaid lawyer's bill for \$150,000. Still Magler: "I just don't like people pushing me around." Magler symbolizes the turmoil that has long surrounded the issue of retail shopping on Sundays and statutory holidays in Ontario.

Public opinion polls during the past five years show that between 60 and 65 per cent of the respondents favoured Sunday shopping. But a succession of provincial governments, supported by labor unions, churches and consumer organizations, has enforced various versions of the law against it. Pro-shopping groups and defiant retailers, who say that they need the Sunday business to cut their previous losses and win back shoppers currently flooding into American cities that offer lower prices, have mounted costly court challenges. Now, Premier Bob Rae's New Democratic Party government has announced that it will reverse Ontario's law once again.

Controversy: The new legislation, which Solicitor General Michael Pezom and he will introduce by the end of May, is not likely to diminish the controversy. Although Pezom would not discuss details of the bill, he told *Maclean's* last week that the government "remains committed to a common sense day and the protection of the workers."

The government's underlining last month to close the law, which gives municipalities the right to regulate Sunday shopping, followed two divided court decisions. Last June 22, Mr. Justice James Stouffer of the Ontario Superior Court struck down the province's shopping law because it discriminated against those who did



Sunday at Toronto's Eaton Centre: costly court challenges

not consider Sunday to be a religious holiday and was therefore unconstitutional. For the next nine months, thousands of retailers, including supermarkets and department stores, remained open on Sundays. Then, on March 30, the weekend shopping ban came to its end when the Ontario Court of Appeal reversed the earlier court decision, holding that the act did not conflict with the constitution because economic, not religious, motives led merchants to open on Sundays. Border

communities such as Windsor, Hamilton, St. Catharines and Niagara have maintained that their merchants need open Sundays to compete with neighboring U.S. cities, but most Ontario municipal governments have said that they would defer action until they can examine the new law.

Shops: Sunday shopping rules vary widely across the country. British Columbia, Alberta and Saskatchewan prohibit the opening of businesses, but give local municipalities the authority to regulate store hours, and in Vancouver, Edmonton and Calgary many stores open on Sundays. In Manitoba and the Atlantic provinces, regulations generally allow only drugstores, service stations and certain designated establishments to open on Sundays. In February, Quebec enacted a new retail holiday not similar to Ontario's which allows other things, except for certain kinds of shops in designated tourist areas. Quebec's law requires weekday hours as well.

Toronto's Magler claims that the retailing business should not be regulated, except to "make sure working conditions are up to some standard and to protect people from being forced to work." His store is operated mainly by family members. Magler and that on Sunday, April 7, he had sales of \$1,760. "Things are tough now, but that was more business than we did the entire previous week," he said. "I won't quit until they get me in jail. And if they want to do that, I'll appeal for political asylum in the United States because my crime is political." Asked if he was serious, Magler replied: "Well, I'll try it. After a few days on the barricades I'll send many other retailers who are evidently hard-pressed to find both compensation to the fight to stay open on Sundays."

RAE CORRELLI with correspondence reports

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Reinventing school

George Bush pledges better education

Increasingly during the past decade, teachers, business leaders and other critics have expressed concern that the U.S. school system is lagging behind those of other nations and failing to educate young Americans adequately. Indeed, when the Stockholm-based International Association for the Evaluation of Educational Achievement published the results of a recent survey of 36 nations, American eighth graders ranked 10th in arithmetic and 12th in algebra. Japanese students came first in both categories, responding to questions about the American education system, George Bush promised during his successful 1988 presidential campaign to become "the education president." And last week, Bush took steps to make good his pledge by unveiling a sweeping program for educational reform that he said would "reinvent" the nation's education system by providing, among other things, hundreds of new experimental schools and establishing a system of national examinations for students.



Bush with elementary-school children: calling for the creation of a 'nation of students'

The President's plan, unveiled August 20, 2000, also announced better pay for teachers, businessmen and members of Congress at the White House, called on Congress to provide \$624 million to pay for more than 500 experimental schools that would investigate new teaching methods. Bush also called for more involvement in education by parents, the business community to create "a nation of students." Added Bush: "We're not afraid of new ideas, and my job is to do everything in my power to give these ideas a chance."

Although some Democratic politicians charged that the plan lacked substance, many experts said that the strategy could lead to improvements in student performance. In Ontario, some critics of Canada's education system called for a similar commitment to improved education from the federal government and the provinces. Said Ronald Duberstein, education critic for the opposition Liberal party: "We need to see that kind of consensus here."

Bush said that his plan was designed to meet a set of national educational goals that he and the state governors announced at a meeting

held in Charlottesville, Va., in September, 1988. The goals included efforts to ensure that every child be in and reading enough to start school and that students at all levels be competent in such core subjects as English, mathematics and science. Other goals called for

raising the high-school graduation rate to 90 per cent from its current level of about 70 per cent, and enabling American students to stand first in the world in mathematics and science. As well, Bush called for the liberation of "every American school from drugs and violence."

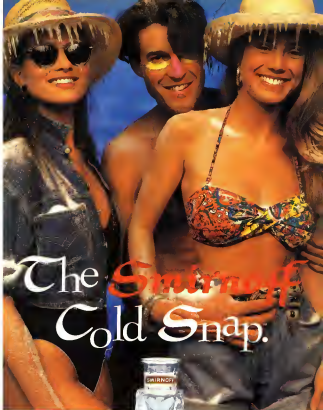
As a way of encouraging higher national standards of education, Bush called for voluntary national examinations to test students' performance in core subjects in grades 4, 8 and 12. To help finance the search for better teaching methods, he called on businesses to contribute up to \$250 million to encourage educational research.

Some of Bush's proposals came under immediate attack. He called for federal funding to be made available to parents who send their children to private schools or schools operated by religious groups. But critics said that progress could be made better needed funding from the public school system. "Every school should be excellent," said Gary Marx, a spokesman for the American Association of School Administrators in Arlington, Va. "Choice leaves the less-enthusiastic students behind."

Bush also revived a long-running debate over school examinations with his proposal for American achievement tests to measure student performance against ambitious national standards. Some experts said that national examinations, which the President said should begin as soon as September, 1993, do not take into account regional or cultural differences or the priorities of different school systems. Some critics argued that American schools and teachers of other countries often perform poorly on standardized examinations for good reasons. Those tests, the critics maintain, are designed primarily for whites, middle-class students. Said Francis Whyte, director general of the Council of Ministers of Education, Canada, an unimpressed educational organization: "National tests only give you a bit of information and they don't solve the problem."

Still, some Canadian commentators said that a similar national education strategy is needed in Canada. According to Statistics Canada, 58 per cent of all adult Canadians are unable to perform the ordinary reading and arithmetic tasks they encounter in daily life. "We have put the entire burden on teachers," said Jacques Manigault, president of the Ottawa-based Governance Board of Canada, which set up a National Business Education Centre last October to foster corporate involvement in schools. Added Manigault: "It has to be a consensus priority."

In August, 1989, Prime Minister Brian Mulroney called for a federal provincial task force to study education issues. But the government dropped the idea after Quebec refused to participate following the failure of the Meech Lake accord last June. Now, critics of North American education standards in both countries will discover whether Bush's election call for a revolutionized education system meets the tests of excellence.



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Master of spectacle

David Lean leaves a legacy of movie epics

Twenty years ago, Toronto-born director Nicolas Jessiman met the renowned British director David Lean at a screening of Jessiman's movie *Pidder on the Roof*. "He told me it was too long," Jessiman recalled recently. "He should talk!" Indeed, Lean, who died last week in London at age 83 of unspecified causes, was famous for his very multy-tiers.

He wrote a Coward-scripted story of rivalry between two middle-aged Londoners. Many film aficionados regard Lean's adaptation of Charles Dickens's novels *Great Expectations* and *Oliver Twist*, released in 1946 and 1948 respectively, as masterpieces of suspenseful, seamless editing. Said Jessiman of the opening sequence of *Great Expectations*, in



Lean in 1967: a consummate storyteller and 'Woody perfectionist'

he was in his mid-20s. There is the middle-class London sound of Coward in 1938, he was the eldest son of strict Quaker parents, Frances and William Lean, who found the cinema morally objectionable. But soon, convinced by his first film—a silent version of *The Wind of the Barabrisles*—Lean was hooked. In 1935, he applied for work at London's Gaumont Studios. "I'll do anything—carry tea, anything," he later recalled having said to his prospective employers. After appearing as a clipboard boy and a camera assistant, Lean moved into the editing room and began to advance rapidly. By the mid-1930s, he was one of the most sought-after film editors in London, working on projects such as the 1936 screen adaptation of George Bernard Shaw's play *Pygmalion*.

In 1940, his career took a different turn when he co-directed *Je Suis Mr. Smith* with Noel Coward. The Second World War drama received rave reviews, and soon afterward Lean struck out on his own as a director. In 1945, he made the bathroom classic *Brief*

which an escaped convict starves a young boy in a cemetery. "God—I still jump about two feet out of my seat every time I screen that," Lean said. The transition from clerk and editor to director was not without its challenges. He also inherited the burdens of his filmmaking to fill out every corner of the expanded 1950s movie screen. The time of the cinema, geographically exact maps, which came to be regarded as the quintessential Lean film, was *The Bridge on the River Kwai* (1957). The story of 1940s British prisoners of war forced to build a vital bridge for their Japanese captors, the film copied screen Oscars, including those for best director and best picture. But Lean was no longer the pliant, eager-to-please novice who had begged his way into the filmmaking world 30 years earlier.

Directing, characterizing and fleshing out had developed a personality that was in command of his level-headed good looks. Shooting *Bridge on the River Kwai* in what is now London, his meticulousness drove his associates to despair.

Lean's 1959 biography, *David Lean*, includes an anecdote about one crew member drinking. "The bloody perfect!" said the director. "He shot 30 seconds of film a day and threw it on a rock and stored it in his God-damned bag."

Lean scored his greatest triumph in 1962 with *Lawrence of Arabia*, the biography of the brilliant yet difficult Englishman who scored a stunning Arab victory against Turkish forces in Arabia in 1918. Shoring a 28-year-old unknown named Peter O'Toole, the 161-minute movie was arguably released at the curiously length of 222 minutes. (The film was edited down over the years, but in 1983 a restored 216-minute version re-edited by Lean made a triumphant return to theaters.)

Lean's 1968 hit *Doctor Zhivago* was a disappointing follow-up. Critics dismissed the lush adaptation of Boris Pasternak's novel as hopelessly old-fashioned. Still, the story of a

Russian Revolution-era doctor-poet, played by Omar Sharif, grossed well over \$100 million at the box office. Five years later, Lean reached the end of his career with *Shogun's* *Shogun*, a First World War love story. Starring Sarah Miles as a married Italian woman who has an affair with a British soldier, the 192-minute, \$12-million saga pleased neither critics nor the public. Lean said that the experience depressed him profoundly. It also damaged his credibility with studios and backers—and he did not make another movie for 14 years.

Lean made an impressive return, however, with his last production, *A Passage to India*, a 1984 adaptation of E. M. Forster's novel. Shot in locations, the story of conflict between Hindus and British

colonists in the 1920s went a long way toward restoring Lean's former status. "He knows how to go deep and the moral implications of empire better than practically anyone else around," Forster had observed in his 1956 foreword of the film. The same year, Lean was knighted.

At the time of his death, Lean—who had married his sixth wife, Sandra Cook, only months before—was planning to start shooting an adaptation of Joseph Conrad's novel *Idiots*, which is set in South American silver mines. Despite the success of *A Passage to India* and the re-release of *Lawrence of Arabia*, Lean's style was passing out of favor in the last decades of his life. "I think it's quite unfortunate to have him, because he did the big men, didn't he?" Sarah Miles remarked a few years ago to biographer Silvana Sinigaglia, the actress added, "he did them with quality, which is admirable."

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PEOPLE

YOUNG AND RESTLESS

Playing twice in her new movie, *A Kiss Before Dying*, says Susan Young, has been one of her biggest challenges since she starred with James Woods in *The Reck* (1989). "It was great publicity when her affair with Woods ended amid the exchange of some very public accusations," said Young, 35. "The only problem with *The Reck* was how Woods edited afterwards." Now, she is facing a new kind of challenge. Dejected Young, who is having trouble playing a nude instructor in her next movie, *Reverving Hapless*: "I'm going to ask them to make me a yoga instructor."

Young, exchanging some public accusations



Easy listening

A Juno Award winner this year and accomplished bluesman in his own right, Vancouver musician Colin James says that he "might just do a couple of tunes for some post" in Montreal's Blues '91 Festival, which he is hosting this week. But, he added, "I'm really just going to catch the show." Such blues legends as the Dillards, Buddy Guy, Albert Collins and Papa Smear will perform. Said James, 26, "I don't like to thrust myself on people—these guys are the masters. These are the people I listened to when I started listening to the blues. I'm just going to sit back and enjoy."



James, doing "a couple of tunes"

PREACHER OF LAUGHS

Comedian Rick Mercer says that audiences in his native Newfoundland have been "standing up and yelling 'To-E! E, brother!'" during his one-man act, *Show Me the Dutton: I'll Push It* or *Charles Lynch Must Die*. Mercer, who plays *Ray*, a St. John's barfly with opinions on everything from politics to his Grade 4 teacher, takes his popular routine back to Ottawa this week. Said Mercer, 21: "During *Neuch Laka*, Charles Lynch wrote a column that said Canada should choose Quebec over Newfoundland. He called us bellyachers." Lynch, who saw the play in Ottawa last year, said: "Once again, a Newfoundland is taking the rest of Canada to go f--- itself." But, he added, even though Mercer has "made me the Belman Bushie of Newfoundland, he's brilliant."

ONE WRITER'S TERMINAL HABIT

Post Susan Musgrave, one of 10 Canadian writers involved in a new computer linkup with 26 schools across Canada, says that communicating with the students is addictive. The Writers in Electronic Residences program lets students show their writing to writers such as Musgrave, novelist Katherine Govier and author Robert J. Sawyer. Said Musgrave: "Their poetry often involves despair and unrequited love. And I've had to put a moratorium on the word 'soul.' But I can't wait to have my terminal on."

Heading north for freedom

Twice convicted in New Jersey for murders that he did not commit, a now-convicted Bahian (Braziliense) Carter says that he always knew he would move to Canada. In 1987, an all-white jury convicted Carter, then a middleweight boxing title contender, of the murders of three white people. His defenders became the subject of Bob Dylan's 1975 song *Blowin' Away*. And although the New Jersey Superior Court granted Carter a retrial in 1978, he was convicted again. It was not until 1985, after a group of Canadians became interested in his case and brought new facts to light, that Carter, now 53, got his final release from prison. Two of the Canadians, Sam Chastan and Terry Swanson, have just published *Lawrence and the Hurricane*, which recounts how they helped Carter. Said the former boxer, who has lived in Toronto since 1988 and is working on a book: "Canada is truly the melting pot America imagines itself to be. All the different ethnic groups survive here."

Carter, imprisoned unjustly for 18 years



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Blazing musical trails

The Dream Warriors top the British charts

The setting was a public-house out in the Toronto suburbs of Willowdale. But the two young men were looking in an unmistakably Caribbean atmosphere. The tawardance was filled with the pungent smell of a West Indian fish fry, and a video of a Jamaican reggae dance was playing on the TV. It seemed an unlikely base for two of the hottest young stars in rap music, a musical style more associated with U.S. ghetto than Canadian suburbs. But Caribbean-born King Lee (Lionel Robinson) and Capital Q (Frank Albert) have made a name for themselves, as the Dream Warriors, by revolutionizing reggae. Send Q "Everyone's accustomed to rap with guys raving and bragging about their actions and violence. We just want to entertain people with something different."

That approach—mixing reggae, jazz and even TV game-show themes into quirky songs—has made Lee and Q both R.I. and sensations in Britain. Their first two singles,



Q (left), Lee, raps at the Caribbean and Toronto

Wash Five Five in My Soul and My Delusion of a Rastaman Joe Style, topped the British charts. The London Times described their album, *And Now the Legacy Begins*, as "an ingenious blend [that] has redefined rap."

the two returned to conquer their home country in a tour that ended on April 24.

The Dream Warriors' strength in their personal approach to reggae. Lee was born in Jamaica, and Q in Trinidad, which gives their music a reggae flavor. But their upbringing in the tough, working-class Joe-Finch district of northwest Toronto was also a major influence. Q and one associate were fatally stabbed recently, and that police suspicion increased his friends. Added the more talkative Lee: "In that neighborhood, somebody always knows you down—it doesn't matter whether you are white, black, Asian or Spanish. But it makes you more aware of yourself."

The Dream Warriors got their first real break in 1987, when Toronto's boss Berry became their manager. After rebuffing four North American record companies, Berry arranged a four-album deal with Britain's Island label and a \$750,000 publishing contract with Sony Records. Since then, Lee has been able to buy a second-hand Mercedes. But the two men still live in a modest Willowdale townhouse that they share with Lee's mother, nurse Helen Robinson. And they say that their past experiences in the Joe-Finch neighborhood provide much of their material. With Caribbean sounds and the raw realism of the streets, the Dream Warriors have put an affectional new spin on rap.

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MORTAL THOUGHTS
Directed by Alan Rudolph

Best friends, Cynthia (Demi Moore) and Joyce (Giselle Beatty) are working mothers with tough New Jersey accents who run a beauty salon called Cap N' Dye. A put on "dye" is perhaps unneeded. *Mortal Thoughts* is a murder mystery. Cynthia and Joyce are both saddled with selfish husbands. Cynthia is married to Arthur (John Pankow) an entrepreneur who is simply cruel and boring. But Joyce's spouse, James (Bruce Willis), is so abusive that she has considered killing him. When he is found dead—in a ditch with his throat cut—she is a prime suspect. The movie unfolds as a police interrogation of Cynthia, who spared Joyce and James at a carnival on the night of his murder. Cynthia relates the action story through flashbacks, while a shrewd detective played by Harvey Keitel questions her credibility. And by the time the truck ending page out—with the inevitability of a prize in the bottom of a Cracker Jack box—the credibility of the movie itself has become questionable.

But *Mortal Thoughts* is as well acted and directed that it takes a while for the weaknesses of the script to become apparent. Willis is hilariously tyrannical as an obsessive boss. Moore, in a sincere role, gives a fairly focused performance, and Beatty, as her foil, is suitably bristly, blunt and volatile. But Keitel struts the movie from the sidelines with his intense, edgy turn as the detective.

Meanwhile, *American* director Alan Rudolph works wonders with his keen camera. But he is best known for directing movies that he has written, such as *Witness to J.A.* (1970) and *Chances Are* (1984), quirky films about life's margins. *Mortal Thoughts* is not his script and he cannot zone it with acuity alone. Despite the strong acting the director's camera feels campy. It is hard to identify with either Joyce or Cynthia, as their stupidity becomes more obvious with each twitch of the plot. The only interesting character is the detective, who pries open the lipsticks in Cynthia's story as if it were a bad script. "Something just doesn't sit right here," he says. By the end of *Mortal Thoughts*, his comment has acquired an unfortunate resonance.

BRIAN D. JOHNSON

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THEATRE

Native grace

An Indian reserve struggles for salvation

DRY LIPS OUGHTA MOVE TO KAPUSKASING
By Timman Highway
Directed by Larry Lewis

Last summer, in arched Mohawks stood guard at their barbecues in Oka, Que., a new image of Canada's native people forced itself on the national consciousness. But such defiance is only one aspect of the current Indian struggle for greater self-determination. Here this month

was an Ojibwa ancestor for his role in Kevin Costner's *Dances With Wolves*. The glazer contrasted starkly with the credits portrayed onstage. For all its broad humor, *Highway*'s vision of life on Wapigychug Hill, a fictional Muskogean island reserve, is as bleak as the morning after a week-long binge. Like so many native communities, Wapigychug Hill is destroying itself in a black orgy of substance abuse and violence. Only its tattered links to traditional values and a kind of gaudy courage hold it back from complete disintegration.



Billy Merasty (left), Cardinal Groome: caught in a vortex of angry passions

Toronto's Royal Alexandra Theatre, native people staged a different kind of event—the production of Toronto Highway's award-winning play, *Dry Lips Ogle Moe in Kapekashang*. The latter tragically first appeared at the city's Theatre Passe Muraille two years ago. But its resurfacing at the plush Royal Alex—where it is the first Canadian play to

Pride in those achievements was in evidence at the theatre earlier this month as native people in formal evening attire mingled under the television lights with the well-to-do opening-night crowd. In part, the celebratory atmosphere was a carryover from last month's Academy Awards show when one of the stars of *Devil Lake*, Toronto actor Graham Greene

Highway theater in play. The *Sex Slaves*, based on Waughpata Hill's women, who made an epic account of their journey to a big-city bungee game. In *Day After Highway* lives his attention to the men. They are a pathetic, off-odily enduring lot. Of the seven native males in the play, five are drunks, lost at work. The remaining two, Delise Bird Naked (Nenech Charles) and Denise Starlinker (Gwynne Mawdsell), are youths struggling to escape the community's collective apathy. But *Sex Slaves* is laden in a pointless apathy, while Delise Bird's inner drama—she has been left speechless by a mysterious childhood trauma—seems hope to represent a painful, new

All the men of Wessyngton Hill are caught in a vortex of angry passion. Even the authority figure, Big Jury (Ben Cardoff), is a bully character with past moments. By contrast, the

women of the reserve—who appear mostly through the eyes of the men—positively bristled with creativity and initiative. That has helped inspire a deep stream of empathy. When Raj Joy is pressed to explain why he stands by passively during Uncle Ben's attack on Sister Storkhiser's fiancée, Patsy Pughenagghew (Doris Lasker), he blares out that he hates all women for taking power away from the men.

[illegible]

The result of those failures is that *Dry Lips* breaks in half between beginning comedy and less effective tragedy. Still, much of the production soars above that split, including Carlos del Junco's haunting accompaniment on the blues harp. Also successful is the use of the Gilbey's tricolor flag, Nenehka (Lundgren), who hovers like Park in the background, as visible influence on the characters. In one scene, she wiggles an enormous pair of false buttocks and causes the reserve's baker, Zachary (Kerry Everett), to break into a chorus—he has an auto whistler. *Not Quite Reno*.

The drama's enthusiasm and glibness hint at important gaps from native people to a society that has all too often lost sight of such qualities. *Dry Lightning* also warns. Winnipeg's life's predicament can be seen as being symbolic of the larger anxiety that everywhere is a society that may itself be born on self-destruction is more subtle or socially acceptable ways. In that sense, *Dry Lightning* offers more to Knapikwagun a more than just a play about conditions on Canada's Indian reserves: it is a reminder that when the cultural underpinnings of a society crumble, chaos is not far behind.

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Philip: a refreshingly frank account of drug-taking and dissent

BOOKS

Hollywood cannibal

An insider eviscerates Tinseltown's elite

YOU'LL NEVER EAT LUNCH IN THIS TOWN AGAIN

By Julia Phillips
(Random House, \$25, 373 pages)

TO grow for the 1974 Academy Awards, Julia Phillips recalls that she consumed a diet pill, three vitamins, two enemas, aspirin, some cocaine and a glass and a half of wine. She remembers thinking the Oscar that Elizabeth Taylor presented to her was being "handed" instead of "won" because "I had very little to contribute." Phillips' memoir, out in paperback as *The Sin*, became the first women ever to receive an Academy Award for best picture. Now, she has made Hollywood history once again by writing perhaps the most scoundrelous and indiscreet look ever at the movie industry's elite. You'll Never Eat Lunch in This Town Again is a flamboyant sort of autobiographical revenge by a woman who played hardball with Tinseltown's big boys, and lost. It is cynical, self-

indulgent, over-spirited—and arrestable.

Accused with a malicious sense of humor, Phillips, 47, has written a refreshingly frank account of deal-making, drug-taking and dissent. If Hollywood's drug of choice is gossip, she has smuggled out a second memoir: Phillips' accounts—nearly 1,000 sex-linked in the index. And the publication of her satirical memoir, which climbed to the top of American best-seller lists this month, has sent shock waves through the movie industry. Stars, film-makers and studio executives no longer hold strings for the writer, to look themselves up and assess the damage. Norma Maclean could read about Phillips spouting his alleged offer to go to bed with her and his 14-year-old daughter, Colbie Hoan could read entire paragraphs describing her personal hygiene, with comments about "strange hair" hanging in "gray tendrils." Margot Kidder could tell herself described as "a sex beast."

And those are just the casual observations about actors against whom the author seems to

bear no particular grudge. When Phillips writes about the power brokers who she says lusted for her, her contempt becomes virulent. She calls superagent Michael Cohn, generally acknowledged to be the most powerful man in Hollywood, "the Valley viper." She denounces mogul David Geffen—his "collegated cat" reminds her of Donald Trump—as "the little puck." Hollywood, she concludes, is run by Philistines who cannot read without moving their lips, a species of "half-brained men with peered-out eyes."

Phillips who takes great care to describe which designer outfit she wore to every meeting and every lunch, is obsessed by physical detail. She asks her men who visit Hollywood can he sit on the rug and hold the tape in his teeth like she. She looks on director Martin Scorsese's attitude to women and director Steven Spielberg's sexual status. She is infuriated by Sophia Loren's ill-fitting wig. Cyndi Lauper, she writes, is an actress with little talent and a "big ass." While dining out with actress Kathleen Turner, Phillips confesses that she has "pug" dentures and "nose drooping from her right nostril."

Such over-the-top is amusing but it confirms the author's own stance as a woman locked in a cycle of misery and self-loathing. The most heavily cross-referenced name in the index is Julia Phillips, with 62 subheadings including "borderline," "goddess," "rebirth," "accusations of sexual experiences" and "sexual behavior." Phillips, who divorced fellow producer Michael Phillips in the mid-1970s, describes her love life as an exercise in "seducing all these mediocre men."

You'll Never Eat Lunch in the diary of a well-educated Jewish girl from New York City who climbs to the top of Hollywood, then suffers a devastating fall. After co-producing hits such as *Scenes from a Marriage* (1973) and *Scenes from a Marriage* (1977), Phillips began to lose her footing. Her life reached a crisis during the first stages of making *Close Encounters*. Her mother was dying at the time, but Phillips was too busy to see her. Eventually trying to finish the movie, she became isolated by a feud with Spielberg. She says that she now detests him.

As her career foundered, Phillips accounted to a debilitating cocaine habit. She estimates that at one point she was spending \$15,000 a week on drugs. And at the age of 35, she was a virgin. Phillips' lack of romance is remarkable. In fact, Phillips writes about her drug experiences with great nostalgia. The most poetic passage in the book describes its best friend the chemistry of cocaine. She writes: "The cocaine, she concludes, was the best boyfriend I ever had."

The book really works like a drug—great for a first, quickly addictive, and depressing at the end. Phillips, who says that "my brain is a sausage," reveals a deeply predatory attitude. The author of *You'll Never Eat Lunch in This Town Again* demands her enemies be leveled first, but her writing leaves an extremely nasty aftertaste.

DEBBIE D. JOHNSON

Back to the future

A 'cyberpunk' visits the Victorian age

When William Gibson first observed science-fiction junkies on Vancouver's Granville Street in the early 1980s, he fantasized that he was visiting a time long after we became bored with it. Despite that, the lucky 43-year-old Vancouver author has gained fame and profit from the label that he tries to disown. In the past year, Gibson—who wrote *Countdown* in 1987, the first novel to bear a "science-fiction" label—has been a special guest at four European conferences on computer art. Hollywood has courted the novel, commissioning him to write three screenplays based on his short stories. And admiring critics have been lavish with praise. *Playboy* applauded his "fresh, tough vision of tomorrow," while *The New York Times* hailed his prose for moving "beyond...the speed of thought."

In collaborating with Sterling on *The Difference Engine*, Gibson teamed up with a friend and fellow visionary who had worked with him on a 1983 short story. For the novel, Sterling carved out months of alternate bookwork, researching everything from the favorite foods and slang of the Victorians to industrial patterns of the era. Then, Gibson, working in the house that he shares with his wife, Impact, Deborah Gibson, and their two children, poured over Sterling's material and wrote much of the rest.



Gibson infuses his new tale with an Orwellian chill

sparked a literary revolution, sweeping U.S. science fiction's Triple Crown by winning the Hugo, Nebula and Philip K. Dick awards. Gibson went on to become the collected guru of so-called cyberpunk fiction. *Neuromancer* was his acclaimed sequel, *Count Zero* (1986) and *Mosses Like Grass* (1988) inspired a legion of imitators and made Gibson an international cult hero. But he says that he is tired of the cyberpunk label. And his latest novel, *The Difference Engine*, co-written with Sterling

Bruce Sterling, breaks the mold with its setting in mid-19th-century England. Said Gibson: "People wanted to go back to cyberpunk, but time long after we became bored with it."

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The authors have infused *The Difference Engine*, an alternative history of London at the birth of the Industrial Revolution, with the same Orwellian chill that gave *Neuromancer* its stunning impact. In the novel, Charles Babbage, a real-life, eccentric mathematician who tried to develop a steam-driven mechanical computer in the 1830s, actually succeeds in creating one. The machine accelerates the onset of a highly technological society and sets the stage for an empire based on a mysterious host of colossal paper cards that contain a blueprint for the engine. The box falls into the hands of a would-be politician named Edward Malley. He

demons most of the actual host, only, finds the wife and quarantines other chessmen, who include the princess-daughter of an exiled London leader and the poet Lord Byron. The authors seem to agree about Malley's villainous and curious behavior: "He wanted to know the structure of his own chess characters who best him up."

As a boy, Gibson was an ardent reader of science fiction. Born in Coquitlam, B.C., he moved at age 18 to Toronto's Yorkville district, then a safe haven for hippies, to avoid the draft for the Vietnam War. After settling in Vancouver in 1972, he studied for a bachelor's degree in English at the University of British Columbia. There, he recalls, he took a science fiction course "to get an easy credit," "in my inner childhood house. His writing career began when he composed a short story instead of the term paper that had been assigned."

Gibson says that he is a bit tired that the real world seems to be catching up to his wild imagination, with the current profusion of computer hackers and politicians obsessed with technological progress. And he expresses the hope that *The Difference Engine* will help lay to rest the cyberpunk label, although he concedes, "I think we'll be called cyberpunk until we die." He also attempts to escape that term as a futuristic work about the Pacific Rim entitled *Virtual Light*. Now that he himself has left cyberpunk behind, William Gibson continues to push the boundaries of the imagination.

DEBBIE D. JOHNSON

Maclean's

ENTERTAINMENT

FICTION

- 1 *The Swerve*, Neil Gaiman (5)
- 2 *Elephant Song*, Scott
- 3 *The Devil of Shimmer*, Smith (3)
- 4 *The Novel*, McEwan
- 5 *The Second Coming*, Sturges
- 6 *The Old Man*, Green (3)
- 7 *See Jane Run*, Fowling
- 8 *Heartbeat*, Scott (7)
- 9 *The Difference Engine*, Gibson and Sterling (3)
- 10 *Change*, Thomas (6)

NONFICTION

- 1 *Henry Bergson*, The Unfinished
- 2 *You'll Never Eat Lunch in This Town Again*, Phillips (4)
- 3 *See Jane Run*, Fowling
- 4 *The Novel*, McEwan
- 5 *See Jane Run*, Fowling
- 6 *The Novel*, McEwan
- 7 *See Jane Run*, Fowling
- 8 *The Novel*, McEwan
- 9 *See Jane Run*, Fowling
- 10 *See Jane Run*, Fowling

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